AUG. 5
1933

BUSINESS WEEK

BUSINESS INDICATOR

75 — 70 — 65 — 60 — 55 — 50

Last week

Year ago

Business Outlook

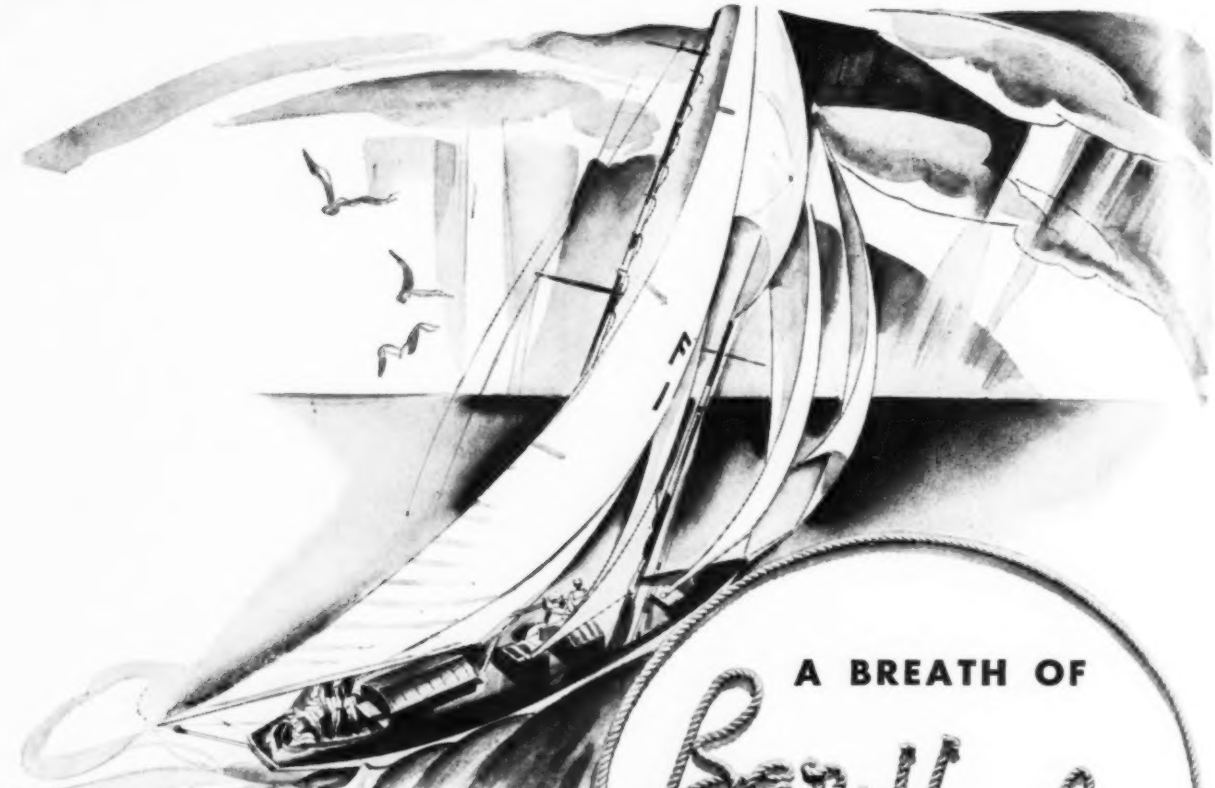
See page 1

Acme

STEEL CODER — Robert P. Lamont goes back to the Commerce Building to present the steel code.

McGRAW-HILL PUBLISHING COMPANY, INC.

20 CENTS



A BREATH OF *Bar Harbor* AT THE TOUCH OF A SWITCH

In addition to the modernistic Micarta design, illustrated above, cabinets can be furnished in attractive wood tones; also suspended types to harmonize with individual interiors.

● Capture the charm of Bar Harbor's matchless weather—and bring it to your home, office, restaurant, or store.

No small achievement, we admit—but neither are the Westinghouse Unit Air Conditioners that bring you air as fresh and invigorating as the sea-cooled, crystal-clean breezes of Maine's smart summer resort.

No longer need you, your family, or your customers, swelter when kept in town during hot, humid days. These smart air conditioning cabinets provide plenty of cooling and de-humidifying for summer's most torrid weather—even heating and humidifying in winter—with filtering and the right circulation the year 'round.

Westinghouse Air Conditioners are completely at home in the finest residence, the most correctly appointed office or the smartest shop. Wherever installed, in appearance and performance, they "belong."

Westinghouse

Unit Air Conditioner

Westinghouse Electric & Mfg. Co.,
East Pittsburgh, Pa.
Please mail your book, "Air Conditioning for Health, Comfort, and Profit" to
Name..............................
Business..............................
Address..............................
City and State..............................

THE BUSINESS WEEK (with which is combined The Magazine of Business) August 5, 1933, No. 205. Published weekly by McGraw-Hill Publishing Company, Inc., [illegible] West 42nd Street, New York, N. Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; B. R. Putnam, Secretary, $5.00 per year, in U.S.A. and possessions; $7.50 per year in all foreign countries. 20c. per copy. Entered as second-class matter February 15, 1930, at the Post Office at New York, N. Y., under the act of March 3, 1879. Printed in U.S.A.

Printed by The Schweinler Press, N. Y.

This Business Week

ATTACKING racketeers through the NIRA is an ingenious approach, something like nicking gangsters through the income tax law. Moley is to run the show, apparently. That sounds queer to people who think of him as a college professor and Assistant Secretary of State. But Moley first attracted attention through doing a crackerjack job in Cleveland, years ago—a study of organized crime in that city. He is an authority in that field.

MAYBE that will keep him out of Secretary Hull's hair for awhile. They do say the Secretary doesn't want to see Moley again for a long time, if ever. No, that isn't business news, properly within the scope of *Business Week's* columns. It's just the old gossip in us that shows through now and then.

MANUFACTURERS of electrical equipment and other materials needed for the \$220 million Los Angeles-Colorado River aqueduct and the \$23 million transmission line from Boulder Dam say the "buy at home" idea never was worked so hard within their memories. Bidders who haven't a plant in Southern California, preferably Los Angeles, haven't a chance. Some of them have received the broad hint that it would pay to build a branch plant. Easterners, of course, are burned up—after all, it's Federal money, and they feel any American firm ought to get an even break.

"When Californians sell," they say, "they want the world for a market. When they buy, they go native. We wish they had to eat all their damned oranges, and use all their own oil for a while."

READERS apparently were mystified by Gen. Johnson's semi-serious quip about the newspaper publishers' code—"If it be possible for this cup to pass from me, I hope it will." We didn't intend to be cryptic. The newspapers want exemptions for their editorial staffs, for their printers, and for their newsboys. If the newspapers don't get what they want, they could make it hot for Johnson and the NRA. No wonder the General would like to be spared.

CHARLES MICHAELSON, long Washington correspondent of the New York *World*, and after that the publicity man who did a superb job for the Democratic party, was in London when he got a hurry call to come back and take charge of NRA publicity. He probably will solve the problem, first, because he is one of the best possible selections; second, because no good Democrat but will accept whatever he says as Gospel. Which simple faith at GHQ was all his predecessors on the job ever needed.

NATIONALISM vs. internationalism again—this time in beer. The Tariff Commission Aug. 22 will hold a hearing to see whether \$1 a gallon is tariff enough to cover differences in costs between foreign beers and our own. To set a beer hearing for August (with samples) reminds us a little of the business men who always discover the Florida branch needs inspection in February.

NEWEST deputy administrator at NRA is Robert W. Lea, old associate of Gen. Johnson, as president of Moline Farm Implement Co. Lea takes over as a starter, the entire automotive line.

POLICING the Agricultural Adjustment Act and the Recovery Act will be no great problem, Washington feels. The programs mobilize mutual spites as well as mutual good will. In Rapides Parish, Louisiana, to give just one instance, two cotton planters refused to sign up. Neighbors pulled up a third of their cotton one dark night.

AUTOMOBILE makers, most progressive of industrialists, know well the facts of motor life: that wages buy cars. However, they retain a dash of old-time industrial paternalism. "Father knows best," they say, dragging their workers away from out of town organizers, "and here's a wage raise to show our good intentions."

A LABOR journalist, commenting on the ancient and everlasting battle between national unions and company unions, remarked, "You can't change a leopard's spots without taking the hide off him."

W. W. DURBIN has been named Register of the Treasury—which means custodian of public debt securities retired for any account. He is an amateur magician of note—has been president of the International Brotherhood of Magicians. Maybe he really ought to be Secretary?

MEXICAN business men, to make things pleasanter, have decided to ban the words "Gringo" and "Greaser." American business men just to be graceful, might do something about controversial or obsolete words like "capitalist," "labor agitator," and "government in business."

The Business Outlook

Recital of business statistics grows somewhat monotonous. Who'd have thought a few months ago that we could ever be bored with a rising trend? . . . Business Week's index of general business activity shows an insignificant fluctuation in decimals. . . . The same is true of steel production, still busy supplying Detroit, and not showing as yet any effect of the coal miners' strike. Automobile production, by the way, keeps going up in defiance of all seasonal precedent. Government construction soon will show up in steel orders. . . . Just now, construction contracts are the one sour note in the sweet harmony of upturn; contracts let in July have run, for 3 weeks, 30% under a year ago. . . . Electric power output keeps making new highs, with a total now standing 15% above 1932. . . . Lots of goods are still being loaded into freight cars. . . . Check payments are down a little. . . . Commodities are recovering from their break. . . . Business failures are well below last year's. . . . Meanwhile the dollar jiggles up and down in the exchange markets without rhyme or reason, but depending entirely upon which Washington newspaper man has attempted to read the President's mind that particular day. . . . Judging from the reception to the first government long-term financing in 2 years, most American investors are willing to ride along wherever the dollar is going.

BUSINESS WEEK

AUGUST 5, 1933

The Blue Eagle Screams

Drive for swift action on blanket code is accompanied by pressure on banks to expand credit. Advance is harassed by labor disputes.

WASHINGTON—The Administration had 4 recovery drives on its mind this week —for signatures to the President's reemployment agreement, for bank credit expansion to enable hard-pressed volunteers to meet the cost of signing, for peace in the labor war that cools the ardor of recruits, for consumer patronage of Blue Eagle stores in a "spend for recovery" movement.

Official opening of the August-December term of the reemployment agreement brought new floods of mail and telegrams pledging support, another "avalanche" of separate industry codes. The count on the latter rose from 309 on the day the "blanket code" was announced to 680 when it went into effect last Tuesday. "Not unexpected," said Washington dryly.

The scream of the Blue Eagle has been answered by thousands of questions. Gen. Thomas S. Hammond, as forceful, genial and hard-hitting as when he bucked the line for Fielding Yost 25 years ago, directs a rapidly expanding organization to handle them. Twelve interpretations were issued to the press within a week, special inquiries were swiftly dealt with (pages 8 and 9), a flood of exemptions was poured out to meet individual situations, retailers, bankers and some others got separate blankets.

Protests Wilt

Jittery business men found that those rigid eagle wings could and would bend a little. Protest continued to wilt under Gen. Johnson's unanswerable answer, "All right, get your own code in and we can meet your industrial conditions"; Blue Eagles began to appear wherever a buyer looked — and buyers began to look for them.

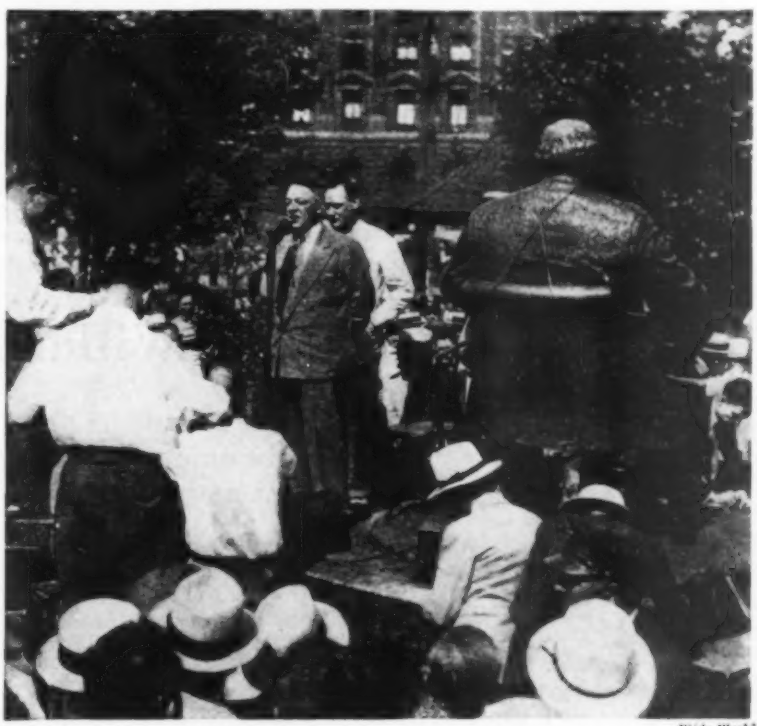
However, buyers are also watching prices warm up under these wings and sellers are saying that they have got to warm up, or else. Whether prices warm up immediately or not, many sellers are going to need immediate assistance to meet the cost increases that the blanket code and most individual codes are bound to load on to them. This brings the banks into the business picture just as they have been hurrying out of it with all the speed that a vigorous liquidation policy can lend to them.

Thoughtful observers including those within the Administration, have long realized that the bottle-neck of recovery was likely to be found at the banks, that the blanket code's specific blessing on price-raising to meet cost increases since July 1 did not meet industry's immediate need for production funds, retailers' requirements to cover the spread between the old revenue and the new prices. They have been studying last week's notably temperate offer of the New York banks to provide credit for "good" borrowers, reflecting on how few borrowers look "good" to a bank overloaded with the frozen paper of borrowers who were 'good" before 1929.

This week that old stager, the Reconstruction Finance Corp., stepped into the NIRA cast and crossed the banking ice with a billion dollars in its arms. Chairman Jesse H. Jones announced that it would buy up to $50 millions of the preferred stock of any sound bank (on a 5% dividend basis), in effect enabling the bank to pass its slow assets over to the government and discard the alibi that it can't risk credit expansion to meet the new demands of business expansion. Where banks are prohibited from accepting this offer by state laws, arrangements will be made for R.F.C. purchase of 10-year capital notes.

Mr. Jones added that "if banks are to be run on such a liquid basis as to be able to pay their depositors on demand, there will be no credit for business—and that simply stops the works." From Hyde Park, President Roosevelt wired, "I heartily endorse all you have to say. . . . I congratulate the many bankers who have safely steered their institutions through the troubles of the past 4 years, but credit must be available to all classes of our citizens if business is to be reestablished on a permanent, workable basis."

How much of its increased costs industry is going to be able to meet in



Wide World

JOHNSON AND JOHNSON—Both "wired for sound," the General and the statue of Cleveland's famous mayor, from which the General made an NRA stump speech on his flying trip west to enlist the motor makers.

increased prices is a question that is still to be answered by the public. It is also a question that is still troubling the NRA. Price-fixing, for example, is an unsettled issue at Gen. Johnson's office. The General himself has been frankly uncertain about it. His latest statement on the subject, in reference to elimination of price-fixing from the petroleum code, was that "you cannot have price-fixing in basic commodities unless you control production or consumption or both. Until production control is established in the oil industry, I will not open the doors to price-fixing. Of course, when production control is established, that in itself controls price and the kind of price-fixing you need then is control of maximum price." But he made it clear that the action taken in the petroleum case did not reflect a general policy.

Coal Strike Critical

The labor war in Fayette County, Pennsylvania, centering on the mine pits of the H. C. Frick Coke Co., subsidiary of U. S. Steel, urged further NRA reflection on general policy. What is to be done—officially—about labor's organizing zeal? Setting aside the question of social justification, the fact remains that it is making serious trouble for NRA, frightening off recruits, dampening the conviction that industrial law-making is going to be the whole answer to industrial chaos. The situation in the Pennsylvania coal fields looks strangely like chaos to outsiders. The hope that this kind of a recovery would escape the strikes that have always accompanied the first stages of previous recoveries is weakening.

Labor may still force the test with its new shock troops, the "federal unions," organized in what have hitherto been open shop industries (*BW—Jul15, 22 '33*), but certain bright spots appeared in the picture this week. Steel's withdrawal of the company union clause from its code at Monday's hearing has now eased a tense situation. It is taken to indicate that similar provisions will be withdrawn from the coal codes, debarred from all other codes. John L. Lewis, president of the United Mine Workers, has been playing to hold off the bituminous hearing so that he might extend the sweep of his organization, all the while using the company union threat on prospects. He is now urging that this hearing be advanced and it has been moved up from Aug. 14 to Aug. 9.

Work for Committees

Another bright spot was found in Gen. Johnson's announcement that the "national industrial relations boards," which he says will be set up in all industries following the precedent in the cotton textile code ("Code No. 1"), will be called upon to act in industrial disputes. (Cotton Textile's governing committee was completed this week with the naming of the 3 members from the NRA staff placed on it by the President's order—Gen. Johnson himself, Dr. Leo Wolman, chairman of his Labor Advisory Board, and Nelson Slater, deputy administrator, who will represent industry.)

Finally, the General took a hand in this labor battle that has been transferred from Washington to the country, flew to the Pennsylvania coal fields to repeat President Roosevelt's radio assertion to labor that "no aggression is now necessary" to attain its rights, to tell both labor and its employers something about this power of public opinion that the Blue Eagle holds in its talons.

Before he went he received the first formal reports on code violations—in the silk dyeing industry. NRA took no immediate action—that is up to the district attorneys in localities where violations occur. But it referred again to the planning and supervising committees, empowered to make the first move toward conciliation of code disputes, now clearly marked as vital cogs in the NIRA machinery.

Wide World

LABOR DEPT. AND LABOR—Secretary Perkins takes a look at the steel business. Later, at the steel code hearing, she asked that the industry be generous in the matter of wages, said, "If recovery is to be achieved, a large portion of the money product of industry must go to those who constitute the main body of consumers . . . . Steel wage standards establish a ceiling for other industries."

Steel Withdraws

Having made its point, the steel industry takes the company union issue home, cheats labor of a battle, leaves NRA neutrality intact.

THE great steel code, touchstone of the vast industries which are based on steel, banged to climax after climax in the single day that was devoted to its hearing this week in Washington.

Tall, austere, slightly nervous, Robert P. Lamont, former Secretary of Commerce, president of the Iron and Steel Institute, dramatically withdrew the much-publicised Section 2 of Article 4 of the code, which held firmly to the company union. Secretary Perkins, keen, calm, impressive amongst the sweltering group of capitalists and labor leaders who filled the big hall of the Department of Commerce, welcomed and applauded this "great gesture," ripped the steel industry's 40-hour week and hourly wage (she wants a weekly minimum wage) and sounded the faith of the Administration in the ability of the American people to bridge the chasm

of the depression. Incidentally her appearance had been delayed by the necessity of rewriting her speech, obviously on an advance tip that the company union clause was coming out of steel's code.

William Green, president of the American Federation of Labor, suave but warm, looked through his round spectacles, read his studied manuscript on the steel code, and then departed from it for flights of oratory and argument. Donald R. Richberg, "labor lawyer" but also counsel for the NRA, and one of its powerfully emerging figures, thumped Green for his oratory, recalled Lamont to give him a chance to reply to Miss Perkins and to complete the picture of his industry's problems and responsibilities, asked him question after question obviously designed to this end —and Steel, in the person of its Institute's President, declined to continue the argument—and produced no single witness, no other sponsor, for its code.

Labor Files Briefs

Following the strident scoring of the introduction of the Green arguments by Richberg, the long list of labor representatives rose one after another, declined to talk without argument, and filed their carefully prepared speeches as briefs. (Mr. Lamont's last minute move had spoiled some of their oratory.) And then, as the single day of the hearing waned with the sinking sun, a scattering fire from representatives of public bodies, communists and others, wound the session up in the manner that has become fairly common in the important hearings under NRA.

The code, with the controversial article on the company union withdrawn, has gone on to discussions and to the preparation of the brief of the testimony. With the beginning of next week, additional changes (beyond the raising of the proposed scale of minimum wages in the South and in the Birmingham district to 30¢ an hour) will be ready for discussion. Perhaps there will be additional open hearings, perhaps they will be unnecessary. At any rate, the steel code, with its soundly thought-out provisions for the regulation of many of the problems of the industry, has come and gone, and the company union problem, which it was expected would be the basis for fiery argument, open battle, perhaps final decision at this hearing, slips into the background, so far as codes are concerned.

But the issue is not closed, said Mr. Lamont. He firmly stated that, despite his withdrawal of the objectionable section under the ruling of General Johnson that it was probably irrelevant in the code, the steel industry "believes that the employee representation plans now in effect at its plants are desired by its employees and the members of the industry will do everything in their power to preserve the satisfactory relationships now existing with their employees; the section will be omitted for the sole purpose of avoiding the necessity of considering at this hearing any questions that are not fundamental to the code."

Is This the Millennium?

Steel people, reading the provisions of their proposed code, rub their eyes in bewilderment, wonder whether the millennium is at hand, hope that it will work as expected, are somewhat skeptical as a result of years of disillusionment.

It provides a moratorium on new production capacity—which would mean an end to expansion of manufacture for the present at Detroit, to indefinite postponement of National Steel Corporation's ambition to erect a Chicago district plant for which it already owns a lake-front site.

It attempts to set up a one-price policy. This will be difficult to enforce, means an about-face by all companies in the industry. All large users, particularly the powerful automobile companies, have traditionally bought steel at $2 to $5 a ton or more under the regularly quoted market. These users have contended that their volume entitles them to such preferential treatment, steel makers in turn have not dared to deny them the privilege.

Water Shipment Pays

Detroit as a basing point for carbon steel bars and cold-drawn bars is abolished. This puts the industry, in connection with one of its leading items in one of its best markets, back where it was 2 years ago. A Pittsburgh or Chicago base price is to rule. Detroit district mills are to get full advantage of their location if they want it by taking more profit than other mills, which are faced with high transportation costs, and still selling at a base price which is as high or higher than outside mills. They didn't want Detroit as a basing point from the beginning, are eager to abandon it. The same old manœuvering for strategic location is given a new lease on life. Mills equipped to ship by water will be one up on rivals.

Chicago mills for years have quoted a base price on all steel products $2 higher than Pittsburgh mills. This arrangement was not due to higher costs, for steel can be made about as cheap at Chicago as at Pittsburgh, but was to put mills in both districts on an even basis in competing in a wide strip of rich territory in western Michigan and Indiana. Chicago makers, with an eye on the lucrative Detroit market, are now talking about setting up prices under the code the same as those at Pittsburgh.

Wide World

HUDSON PACKARD CHEVROLET GENERAL MOTORS
GRAHAM DODGE CHRYSLER NRA GENERAL MOTORS HUPMOBILE

NRA IN DETROIT—The Recovery Administrator pays a surprise visit to the automobile makers to quicken their work on a code. Left to right, at the meeting, R. C. Graham, Roy D. Chapin, K. T. Keller, Walter P. Chrysler, Alvan Macauley, General Johnson, Alfred P. Sloan, W. S. Knudson, C. E. Wilson, C. D. Hastings.

Codes Speeded Up

With orders for oil men, a short-cut for retailers, a hurry call for motor industry and pressure all along the line, Gen. Johnson swings the code-makers into the double.

THE battle for codes is being pushed by the National Recovery Administration on every industrial and commercial sector with General Johnson out in front, leading the fight, cutting red tape here, untying knots there, always moving clearly in the direction of the objective —more jobs.

When he heard that the automobile manufacturers had agreed on a code and would file it after all signatures had been secured, he hopped into a plane, flew to Detroit, got the car makers to sign up then and there (with the exception of Henry Ford who already pays more than minimum). When the oil men continued to disagree, appeared to be in a deadlock, he broke up the conference, told them that, since they seemed unable to build a code, the Government would, and it has. When retailers, though shivering under the President's blanket code, prepared to squabble for more weeks before each branch had a program that pleased its particular taste he arranged a meeting with the 9 largest branches, sold them on the idea that, pending group agreements, they should get together on a special blanket code of their own, had them subscribe to a 48-hour week, a sliding scale wage minimum and, as a result, chalked up prospective jobs for about a million more clerks.

Speed Is Essential

Just to show that time is of the essence in this campaign, that temporary retail agreement, which will broadly cover the country's 1,500,000 retail stores, was made effective within 24 hours, almost as quickly as it could be drawn up and sent by plane to President Roosevelt for his approval and signature.

Meanwhile, with steel holding the center of the stage (page 4), the machinery for handling codes, is having the few remaining kinks taken out and gaining momentum with every hour. Since code negotiations with the "Big 10" industries are moving along, some of the smaller groups, involving less imposing totals of workers are having their hearings, among them the cast iron soil pipe manufacturers who got under the wire with a code almost before the President's signature on the Recovery Act was dry.

In the wearing apparel industries differences between employers and labor unions have not been adjusted. Manufacturers of highly seasonal merchandise such as women's dresses, coats and suits find themselves unable to anticipate manufacturing schedules, make delivery and price commitments at a time when every large department store and specialty shop is "in the market" and completing its plans for the fall sales campaign. While differences over wage schedules in the various coal fields continued, with strikes—and, in some cases, serious rioting—contributing to the difficulties of the operators who are trying to establish harmony, 2 non-union groups, operating in the soft coal fields of Ohio, Pennsylvania, West Virginia, Virginia, Eastern Kentucky and Tennessee filed their codes with the Administration.

Automobiles

THE automobile code is of the short type, confined to the essentials. No attempt is made to discuss trade practices. Alfred Reeves, General Manager of the Automobile Chamber of Commerce points out that "due to the differences in design, style and treatment of the different lines of cars, there is neither necessity for nor possibility of price-fixing, while no control of production is under consideration because each manufacturer only manufactures for current demand and not in large or unjustified quantities." However, the concluding paragraph of the code leaves the door open for future supplementary provisions, amendments, or other codes so that, if exceptional conditions arise, the industry will be free to deal with them.

Minimum wages for adult factory employees are set at 43¢ per hour in cities with over 500,000 population, 41½¢ in cities of 250,000 to 500,000 population, and 40¢ in cities under 250,000, while male employees age 16 to 21 yrs. and female factory employees may be paid 5¢ per hour less.

Working schedules for each employee, from now until expiration of this code, Dec. 31, 1933, are to average no more than 35 hours per week while the maximum of work for any one week is set at 48 hours.

Other industries have shown a particular interest in the reinforcing clause which automobile manufacturers added to the mandatory labor provisions:

"In accordance with the foregoing provisions, the employers in the automobile industry propose to continue the open shop policy heretofore followed and under which unusually satisfactory and harmonious relations with employees have been maintained."

If the automobile code is approved with that clause intact, other codes are expected to have similar phraseology included, although it has already been pointed out that an industry must be able to show that it is really paying higher-than-average wages and has been

Wide World

OIL CHIEF?—James A. Moffet, who resigned a Standard Oil vice-presidency to accept an Administration invitation, is considered a probable choice for head of the board which will run the petroleum industry.

able to maintain good labor relations, as otherwise it might find itself treated like the steel industry which found its clause on company unions chopped out.

Despite the fact that the "open shop" clause of the motor car makers' code is expected to be approved, union activities in Detroit continue, intensified rather than abated. The A. F. of L. has granted charters to 6 local unions of the United Automobile Workers Union of America. It has formed a district council at Detroit, composed of representatives from the 6 locals; the district council states it is engaged in preparing a wage and hour code for the industry. Mass meetings are being held every night; automobile workers are being addressed at the noon hour in front of their plants by union organizers.

Automobile makers evidently believe that the best antidote for this union stuff is higher wages. Chevrolet gave its men an increase of 15% effective Aug. 1, added to a previous 5%. Salaried people under $1,800 a year got 10% more. Other General Motors units followed suit. So did Chrysler, Packard, Reo, Hudson. Millions of dollars have been added to the income of automobile workers. With their families eating regularly again—some for the first time in several years—and more money for other things, automobile workers are expected to think twice before throwing in their lot with unions.

Oil

OIL's rules for its war game are still very crude, need considerable refining before they are acceptable to contestants and umpire.

The code now in process was drafted by General Johnson and committee as a base after the public hearings on the American Petroleum Institute code produced nothing but disagreement and free-for-all rewriting. It contains the same meticulous refining and retailing conditions, but differs from its predecessor in several main policies.

It provides a Planning and Coordination Committee representing the industry and the NRA, which would take its quotas from a Federal agency to be designated by the President. It embodies Johnson's belief that proper production control will make price-fixing unnecessary, a belief not shared by important sections of the industry. It accepts the lease and agency system, does nothing for the political powers who would break pipe-line "monopolies."

In general, the General's code is an attempt at compromise to speed up the acceptance of wages and hours by an industry important in his larger plans.

Most important, under this code, will be the head of the Planning and Coordination Committee. Speculation centers on James A. Moffett, Standard Oil vice-president who resigned last week to take the call to the NRA Big Board. Many in the industry consider his quarrel with Teagle a timely coincidence which puts a big company man in the vital post. Men close to both men deny this, say the disagreement is sincere and of long standing.

Pending agreement on some sort of code, the Standard companies are joining up under the Presidential Agreement; Standard (N. J.) led the way, was soon followed by Socony-Vacuum. Other major units will soon be displaying the blue eagle.

Petroleum's problems are many and complex, constitute a serial situation "to be continued." To the usual Washington legman's question, popped at him as he left the night code session, the General grinned, "It is not half ready yet."

Coal

WHILE the anthracite division of the coal industry continues its sphinx-like silence, operators in the various bituminous fields have gradually reached an agreement and filed their codes. The 8 "soft" coal codes already submitted, together with 2 others that now are receiving their finishing touches, will provide coverage for practically the entire industry.

By far the most important in the group is the so-called Eastern code, which covers Northern operations in Pennsylvania, Ohio and Northern West Virginia and Southern operations in Southern West Virginia, Virginia, Eastern Kentucky and Tennessee, and represents operators who produced 40% of the country's 1932 production, in a field that supplied 70% of the U. S. total.

Each code is designed to fit the particular requirements of its region, yet there appears to be considerable uniformity of opinion on certain basic points. A maximum of 8 hours per day is generally specified, with 32 to 40 hours maximum per week for each worker; the Eastern group asks for the privilege of 48 hours per week, if it is found necessary in filling pre-code contracts. The non-union codes carry not only the mandatory collective bargaining paragraphs but elaborate on the open shop principle.

Code writers of the industry are also agreed that in the fixing of wage scales and selling prices for the coal industry, the prevailing market prices for competing fuels shall be taken into consideration.

Operators are concerned over activities of labor organizers. Violence in Pennsylvania may indicate repercussions in the Auditorium of the Commerce Building when labor tests its newly-recruited powers at the hearing.

Rubber

THE rubber industry has abandoned all attempts to build a master code. Each of the 10 major branches will have its own. However it is emphasized that the decision to have 10 codes was due not to lack of harmony but to the industry's agreement that each group's problems demand separate treatment.

The tire manufacturers and the footwear group have already filed their codes and these are considered to be typical of those that will be filed by the remaining 8 groups. Both set a 36-hour week as maximum with not more than 104 hours per year (average 2 hours per week) overtime to cover seasonal rush production. Where the wage rate for any specific job was less than 40¢ as of July 15, 1929 the then prevailing rate is to apply excepting that in no case shall the rate be less than 30¢ per hour.

Particular interest is attached to the provisions that are to be made for adjusting intra-industry disputes, that may arise after supplementary codes, covering fair trade practices for each group, have been filed. These will provide for a committee of 4 that will act on such matters, but give parties to the dispute the right to "appeal" to Newton D. Baker who has been appointed arbiter to the industry and whose decision becomes final if the committee, after further consideration, cannot accept his recommendations as its own act.

As in other large industries the labor question has given rubber manufacturers much concern. They have maintained the open-shop policy and believe they have paid better-than-average wages, but already organizers are stirring up trouble in some of the plants. They hope that the extremely rapid increase in employment that has been necessitated by greatly increased demand may keep workers too satisfied and busy to listen to the organizers.

Construction

ALL branches of the construction industry cooperated through the Construction League of the United States in formulating the general construction code that has just been filed. Attempts to reconcile the various interests had been in progress for some time, when a conference with Malcolm Muir, Deputy Administrator, cleared up doubtful points and resulted in the 2-day meeting of representatives of all branches of the industry which produced the code.

In announcing the code to the industry, particular emphasis is laid upon the fact that it has been submitted to supersede the President's blanket code and for that reason becomes effective

upon the individual immediately upon signature by him, although as an industry code it will not become effective until after the President has signed it.

This procedure is expected to prevent the confusion that would result if contractors and others in the industry should temporarily comply with the President's code and then be forced to revise wage and hour schedules to conform to the industry's code. It will enable all those who sign the code to adjust schedules in conformity with it, in anticipation that wage and hour scales as provided in the code will not be changed in the process of approval.

Minimum wages for the entire construction industry are set at 40¢ per hour, unless July 15, 1929, rates were lower, but hourly rates shall not drop below 30¢ minimum except for specific projects and by governmental consent. A maximum average of 35 hours per week is specified for any 6 month period with the right reserved to operate on a 48-hour schedule as long as the 6-month average maximum is not violated.

To eliminate one of the worst evils in all branches of the industry the code carries a special provision (Article 17) against the practice ordinarily called "bid-peddling" and particularly demands that a clause condemning this practice shall be inserted in all the supplementary codes that special groups and branches of the industry will submit later.

Those familiar with the set-up of the construction industry hold that the willingness of all the different groups to support a general code, through the still young and untried Construction League, reflects a remarkable leadership. They point out that as finally presented the code actually had the support of all the major and highly diversified interests: architects, engineers, material manufacturers, fabricators, contractors, sub-contractors, in every branch of construction from the smallest building to the largest project.

Wool

Wool men have sharp differences of opinion upon important provisions in their industry's code, but the leaders of the National Association of Wool Manufacturers finally agreed that the code as originally submitted should stand and in that form it has been signed by the President.

Since so many of their problems and conditions are the same, the wool code carries identical basic provisions with the cotton-textile code; except for its \$1-a-week higher minima—\$13 in the South, \$14 in the North; a 40-hour week; certain machinery limited to 2 shifts a day, 80 hours a week.

Numerous important manufacturers are entirely out of sympathy with the limitations placed on machinery hours. They point out that the processing of wool, from raw wool in-the-grease to finished yarn or cloth, involves many different processes, which are performed by machines that do not maintain a synchronized rate of output. For instance, in some plants available spindles could not produce in 2 shifts enough yarn to keep looms busy for 2 shifts, so that with the work hours of spindles limited, the looms would remain idle for part of the time. Other manufacturers, now operating their plants 24 hours daily, resent the idea of a forced shutdown for part of the time, say it will force them to fire hundreds of workers.

One group suggested that worsted spindles might be limited, but that woolen spindles should be released. Such points as these were decided by dangerously small majorities.

Blanket Catechism

Here are the questions business asks about the blanket agreement, and the official answers.

The President's Reemployment Program was announced Thursday, July 20. The Presidential Agreement, wrongly called Blanket Code, was delivered to the 5 million employers in the United States the following week. In response to thousands of requests for interpretations and explanations, within 8 days, 12 interpretations had been published, and before and since hundreds of rulings have been made.

Inquiries should be addressed to Gen. Thomas S. Hammond, Executive Secretary, President's Reemployment Program, Washington, and in writing, not in person.

Meanwhile, the immense demand for information has made it seem wise to *Business Week* to add another to its collection of "Catechisms."

Q. Is the Presidential Agreement a code or a substitute for a code. **A. No. It comes under an entirely different portion of the NIRA.**

Q. How does it differ from a code? **A. The agreement is an arrangement between an individual manufacturer and the President of the United States; a code is a "law merchant" prepared by an industry and presented through its trade association, made legal through acceptance of its provisions by the President.**

Q. How does it differ from a license? **A. The licensing feature of NIRA, if it is ever invoked, will be a mandatory provision by which no industry in the country, whether or not it has a code or has signed an "agreement," can operate without direct authorization from the President. The agreement is voluntary, personal, has no penalties and no enforcement provisions except public opinion.**

Q. What about the provisions of the "code" by which I agree to raise wages of higher paid employees as well as the minimum? **A. It has been ruled that this means that you will not reduce pay of such groups even to compensate you for the cost of raising the minimum wages in your plant, the idea being that you will not merely share work, but endeavor to raise purchasing power. It also means that you shall make fair revisions. For instance, if you reduce your hours from 40 to 35, you should pay the old wage for the reduced time, but if you have men working 60 hours, say, at this time, you should pay for the new 35 hour week as if it were 40 to 48. "Seasonal or temporary increases in hours now in effect, or recent increases in wages, are proper factors to be taken into consideration in making equitable arrangements." Long-standing differentials should rule the decision, and should be maintained. It is recognized, however, that heavy payroll increases are involved, and the employees are expected to cooperate and realize that they, too, "will receive benefits from shorter hours, the reemployment of other workers, and from the stabilized employment which may increase their yearly earnings." When you sign the agreement and also join in a code, the decision at NRA is that your determination of an "equitable adjustment" should be accepted, at least until Sept. 1, and pending the action of NRA on your industry's code.**

Q. How do I get a hearing on my petition for change in the provisions of the Agreement on account of "great and unavoidable hardship"? **A. Address a petition to Gen. Hugh S. Johnson, National Recovery Administration, Washington, D. C., setting forth the case. Get your Trade Association or, if there**

is none, your local Chamber of Commerce, to give you a written approval, in support of what you say. This will be accepted as the basis of a temporary stay. The petition must contain a promise to abide by NRA's decision, even if it turns out to be against you. After you have done this, you have complied with the terms of the Agreement, can sign your card and get your emblem from the post office. It is to be noted that exceptions are, for the present, individual, and not by groups or industries.

Q. How soon must I sign the agreement? A. As soon as possible, preferably not later than Aug. 7.

Q. If my industry has submitted a code, must I still put in the rates of pay and hours, etc., provided in the agreement, if I sign it? A. If your code is in hearing, no. If your code is merely filed, NRA will have to make a special ruling that the hours set forth in the code may be taken by the members of that industry signing the agreement. This ruling was made first in the case of retail grocers, etc., Aug. 1, and applied not only to those who had held back, but to those who had already signed the agreement.

Q. In paragraph 9, of the Agreement, the July 1, 1933, price is set as that above which we may not increase except to pay higher wages and the Agricultural taxes. If this was a distress selling price, what is the ruling? A. In this case, cost price on that date is to be taken as the base.

Q. Are any employers exempted from the call to sign the President's agreement? A. Yes, those who employ only the professional classes, agricultural labor, or domestic servants; also Federal, State, and local governments and other public institutions and agencies; also persons buying and selling only on a commission, but where there is a guaranteed salary and commission, employer is expected to sign.

Q. Are repair crews, etc., exempted from the labor provisions? A. No, but they may work in emergencies, and shall be paid time and a third for their overtime.

Q. May hours be reduced in a store or service operation, below the 52 set in paragraph 2? A. The decision has been, "Yes, provided the reduction is according to usual practice on a seasonal basis, and does not result in the reduction of the weekly pay of employees."

Q. I find no provision for lower pay for apprentices, such as is arranged in the codes. What of this? A. The ruling is that apprentices, if under contract Aug. 1, 1933, do not come under the minimum wage provision, but no one who has already served an apprenticeship may be classified as an apprentice for the purpose of giving him lower pay.

Q. What about part-time workers? A. The minimum wage for part-time workers should be such that if they worked the full time (40 hours a week for white collar, 35 for artisans) they would receive the prescribed minimum pay.

Q. There is a minimum of 52 hours set for stores or services, but is there a maximum? A. There are no maximum hours for store or service operation, but employees individually may work only 40 hours a week, excepting in managerial or executive capacity, drawing $35 or more a week.

Q. What about certain service employees; where do they come, as white collar workers, or artisans and mechanics? A. A ruling has been made that the following are "white collar workers" and may work 40 hours a week and come under the minimum weekly wages of $14 to $15: beauty parlor operators, elevator operator, restaurant workers, barbers, drivers, janitors, dish washers, delivery men, watchmen, porters, filling station operators.

Q. What about contracts for workers like printers, street car men, etc.? A. No ruling has yet been made, but Gen. Johnson has stated that "a contract between two parties cannot be annuled by entering into a contract with a third party, even if that third party is the government." He has promised an early decision.

Q. Do public utilities come under the invitation to sign the President's agreement? A. There is no question in the mind of NRA officials that they do, but it is admitted that the drive to get the public to patronize only those places which are "Members of NRA" has a definite weakness in connection with utilities most of which are by their nature monopolies. Public opinion is expected to bring them in, however.

Q. Is the agreement with the President enforceable as a contract? A. No. It is entirely voluntary, and public opinion and patronage is the expected police power. If the agreement is violated, the emblem may be taken away and the offender scored by letter and by publication of his offence.

Q. What is the employees' part in the agreements? A. Bulletin No. 3 of NRA says of this, "The employees' part is to do their best on the job and to cooperate with NRA and employers in peaceful adjustment of differences. More can be done now for workers through the cooperation of 125,000,000 people than can ever be done by discord and dispute."

Q. In the adjustment of contracts which have been made more costly to the seller through his signing of the President's agreement or his coming under a code, what is the government going to do about its contracts for supplies? A. Nothing can be done under the statutes. Gen. Johnson is urging on the President that he take up with Congress the enactment of relief legislation in this matter. This the President will undoubtedly do. The action of Congress is uncertain, however. Some who have contracts which will be ruinous are planning to let them lapse and come to bid again, and then to bid at higher prices. The penalties and their losses they will take to the courts, on the ground that the government itself made it impossible for them to comply. This is of questionable wisdom. Consult your lawyer.

Q. NIRA applies only to industries affected by interstate or foreign commerce. Are intra-state industries expected to sign the President's Agreement? A. Yes. The agreement is individual, the code is for the group, and the individual employer is asked by the President to sign the agreement in order to start the cycle of more employment, higher wages, more purchasing power, more prosperity for all.

Q. White collar wages are determined not only by city population but also its "immediate trade area"; what does that mean? A. It means the area within which there is direct retail competition. Where questions arise as to the boundaries, the local Chamber of Commerce will decide.

Q. I am the owner of a small shop where I and my wife alone work. Can we get the insignia? A. Yes, by signing the agreement.

Q. Does paying a white collar employee $35 a week automatically eliminate him from limitations as to hours? A. A ruling has been made that it does if he is "acting primarily, although not wholly, in an administrative or executive capacity."

Q. Are non-profit organizations considered as employers for the purposes of the agreement? A. Yes.

Q. Are internes, nurses, and hospital and research technicians classed as professional people? A. Yes.

Q. Are charwomen, window cleaners, and other maintenance forces included as white collar workers, who can work 40 hours? A. The ruling has been made that they are.

Steel Houses

Frameless steel home makes sundeck architecture neighbor to New England's colonial. Another offers a sloping roof at extra cost. Structural problems are being solved but quantity production comes later.

THE steel house has quickly split into two main streams of development—the framed house and the frameless. Of the "steels" exhibited in the Century of Progress (where as many as 12,000 persons daily tramp through bedrooms and solaria) one house is frameless and two have frames (*BW—Jan4'33*).

Another frameless house is being built in Wheeling, W. Va., by the Wheeling Corrugating Co., subsidiary of Wheeling Steel. First of the factory-fabricated steel panels was set up and welded this week.

Meanwhile, the Insulated Steel Construction Co. of Cleveland, builder of the frameless steel house at the exposition in Chicago, is about to erect the first steel house sold in New England. At Plymouth, Mass., half a mile from where the Pilgrims stepped ashore, the company will set up a steel chassis for Herbert R. Lotz and the owner's contractors will then cover it with insulation and brick on the outside and with plywood on the inside. In an adaptation of functional modernism which the company calls "sundeck" architecture, all the rooms will be on the first floor with the exception of a recreation room on the canopy deck. Garage will be in the basement.

Nested Shapes

Steel for the Plymouth house is being rolled at the Butler, Pa., mill of the American Rolling Mill Co. and shipped to Insulated Steel's new assembly plant in Cleveland. A forming machine was recently added to the equipment at Butler to take the strip sheet as it comes off the continuous mill and press it into the channeled shapes ready for nesting and trucking to Cleveland. The equipment at the Cleveland plant includes a recently-designed machine to make two simultaneous welds on the top and bottom surfaces of the Z-shaped sections of which the floors of this house are assembled. Mills G. Clark, president of Insulated Steel and inventor of the construction method, opened the plant in Cleveland just after fabricating the Chicago house.

Arrangements are being made to open an assembly plant in Boston for the New England territory, and steel for future houses there will be shipped direct from the Butler works. The Cleveland company's original intention was to produce steel houses in quantity but it finds the buyers prefer such variety in design, for the present at least, that it is going to cultivate the market for the house chassis. The quantity market will be entered later.

The Wheeling house employs prefabricated principles not unlike those of the Cleveland product. Panels of deeply corrugated 18-gage steel from the same type of continuous mill are arranged vertically and welded at the lap. A welded angle supports floor joists formed of similar light material and upon these are laid supporting channels and a wood floor, with the baseboard and stair treads the only wood in the house. The metal lath is attached to steel studs welded to one of the corrugations in the wall panels. The voids in the panels are filled with rock wool. The exterior is steel pans lined with fiber board and porcelain-enameled on the outside. The Ferro Enamel Co. of Cleveland, with Armco a sponsor of the Chicago house, is furnishing the enamel.

Penthouse School

The Wheeling house is the work of Dwight Wagner, president of Wheeling Corrugating, of W. E. Ackermann, vice-president, and his staff of engineers, and of Charles Bacon Rowley, Cleveland architect who designed an enameled house completed in Cleveland last year. The Wheeling building will have the flat roof and penthouse which begin to be characteristic of the steel dwelling, but with the additional feature of an alternative design for a sloping roof which will be offered prospective purchases at an extra cost. Thus the sloping roof becomes an accessory. Buyers will be told they can have it if they must, but at the cost of another bedroom or bathroom, and without the flower boxes and suntan space. As a measure of economy the new international architecture threatens to break into American conservatism. A hint to builders with wood and brick.

Chain Tax

Michigan raps the chains but without much enthusiasm.

HALF a dozen of Michigan's chain store operators are joining to test the constitutionality of the State's chain store tax passed by the legislature over Governor Comstock's veto. Most active opponent of the new law, the Kroger Grocery & Baking Co., which would be taxed over $200,000 a year, is telling Michigan citizens by radio that they will pay the impost through increased food costs.

The tax is steeply graduated from $5 on the first store up to $250 on every store above 25. The chains point out that they already run on a narrow margin, that a tax which will average $150 to $200 per store for the larger companies must inevitably lead to higher prices. Since the chains set the prices in most lines, independents will follow them in marking up.

Enter Mr. Fenner

In passing the law the legislature responded to the crack of the whip of the Michigan Council of Retail Merchants, whose chief motivating force is Clyde V. Fenner, ballyhooer extraordinary. When Fenner came to Michigan from Louisiana a few years ago he organized the Home Defense League consisting of small retail grocerymen throughout Michigan, began an active lobbying campaign at Lansing for a law to curb the chain stores. Accused by Governor Brucker of having offered to contribute a large sum to his reelection campaign fund if he would follow suggestions in anti-chain store legislation, Fenner dropped out of the publicity spotlight for a short time, suddenly emerged with his Council of Retail Merchants, a duplicate of his Home Defense League with grocerymen also as the membership bulwark. He was instrumental last December in organizing the Forgotten Men's Club of which he is chairman. The club now is loudly advocating Governor Comstock's resignation (especially since he vetoed the chain store tax measure).

Chain Tax Holes

At the behest of this Council the legislature, largely made up of rural members, passed the anti-chain store legislation, but not without its tongue in its cheek. Reason: Holes in the bill are large, many feel that it will not stand up in the courts. Since the law is being put into force at the same time as the new 3% sales tax, State officials are apprehensive that the chain store tax, perhaps also the sales tax, will be declared invalid on the ground of double taxation. Therefore, they will not attempt to enforce the tax until after August 15 (although it became effective immediately upon passage), when the retail sales tax will be operating smoothly.

Aside from the small groceryman, butcher and other neighborhood storekeepers, the rank and file of Michigan retailers are hostile to the chain store tax. They feel that one tax leads to another, that the next tax may hit them. Department stores in particular are opposed. The public has mixed emotions. It would like to see the big fellow get it in the neck; on the other hand, it doesn't want to have this happen at its expense.

Business Week

CHIL-CHEST—It stands on top of the electric refrigerator, provides a place for fruits and vegetables, storage space for beer, cooked foods, ice cubes. It is insulated, refrigerated by surplus ice cubes—tray and all—from the freezing unit.

Solka

A new material for textiles and plastices, shoes and shingles, gives an old company a new base for competition in many lines.

OUT of the pulp forests of upper New Hampshire and Maine is coming a new material which manifests itself in end points, as widely separated in their ultimate consumption as the terminals of the Boston & Maine. The material is called Solka. It is at once a base for paper, for roofing, rayon, and artificial leather, for fabrics, twine and rugs.

Cellulose is "the framework of vegetable life." Solka is highly purified cellulose, freed of its natural impurities by a patented process. It is made by the Brown Co., of Portland, Me., and Gorham, N. H., in the shadow of the White Mountains, whence comes the fibre.

It is a most Protean material. Spun into yarn, it is shrinkless and stretchless; fabrics made from it are particularly good for outdoor furniture upholstery. Lacquered, it makes a fine covering for luggage. Woven with wool, it makes a rug of exceptional wearing quality. Such rugs, called Ruggets, can compete in price with the druggets of the East.

The Brown Co. has amused itself by sketching a woman sitting in a chair reading a letter. The letter is made of paper with a Solka base, and textile-like qualities. The lady is wearing a dress of rayon, made from Solka. She is listening to a radio enclosed in a cabinet moulded of Solka. The buttons on her dress, the base of her reading lamp, the ashtray by her side are made of Solka. Her shoes are of Onco, a Solka and latex leather used for counters and toecaps for some time and now available in material suitable for uppers. Her pocketbook is of the same material. Her chair is upholstered in cloth of Solka yarns. The rug beneath her feet is of Solka and wool. Even her unmentionables have Solka in them.

Towels and Shingles

More than that, she has just come from the Ladies' Room, where she has dried her hands on Solka towels. Even the roof over her head is of Solka impregnated with asphalt.

Solka fibres are so short they could not possibly be spun in the usual textile manner, and one of the most interesting features of the whole development, according to *Textile World*, is the manner in which the Brown Co., primarily a producer of paper, has been able to produce a yarn with a paper-making technique.

The fibres are floated in water, and the dyeing is also done at this stage. Then the water is extracted to form a thin film on a fine copper mesh, which is removed in narrow strips, rounded, dried, and then plied and twisted in the usual textile manner. The resulting yarn may be soft and spongy or hard and strong.

Yankee Inventiveness

All of Solka's uses are the product of Yankee inventiveness and research; some are of immediate commercial application. Shingles of Solka base are now being sold. So are the Ruggets which can compete in color, design and price with the product of the India jail-yard, although made by highly-paid labor in Massachusetts mills. So is Onco, the imitation of leather which is better than leather for some purposes, and which now simulates the appearance as well as the strength of leather.

This last is at once stiff and hard for use in counters, and soft and flexible for upper stock. It may be grained and colored; it is cheap. Sales of Onco inner soles in 1930 increased 75% over 1929; sales in 1931 increased 80% over 1930; and 1932 sales were 183% over the previous year.

For the Brown Co., Solka is a by-product of considerable importance. As papermakers, the company has faced competition in many fields from papers with a textile fibre content. Now it can sell its ledgers and writings and wrappings on a more equal footing. To cracks about "textile base," it can reply, "Brown papers have a textile base," and point to the many products which have their beginnings in the same logs on the northern slopes of the White Mountains.

Tires

The third monthly increase in tire prices looks like the beginning of the fourth.

TIRE makers, aided by Detroit orders, and abetted by rising raw materials costs, have accomplished their third price increase since they decided that profits were as necessary as volume.

The first increase, made last May, was in the nature of a noble experiment. It succeeded, was followed in a month by a second jump. The present increase of about 10% restores prices to the March levels, before the last cut.

It was initiated by Goodyear, quickly followed by other major companies, in-

cluding the mail order houses, always a stumbling block in previous adjustments. So far, the count is one price increase a month, and it is expected that August will continue the practice.

Rubber and cotton up 60% to 160%, the processing tax on cotton, the inevitable rise in manufacturing costs under the cotton and rubber codes, are factors which will force further increases.

Gasoline

Consumption of motor fuel increases; so does consumption of Ethyl—at reduced premium.

GASOLINE is doing better. Prices are lifting gently on the tide of general improvement. Consumption seems to have stopped falling off. Even the paid-to-be-cynical economists of the American Petroleum Institute concede "a slightly accelerated demand for motor fuel," in their July forecast for the coming 6 months. They estimate that the demand for the last 6 months of '33 will increase 2.9% over the same period of '32.

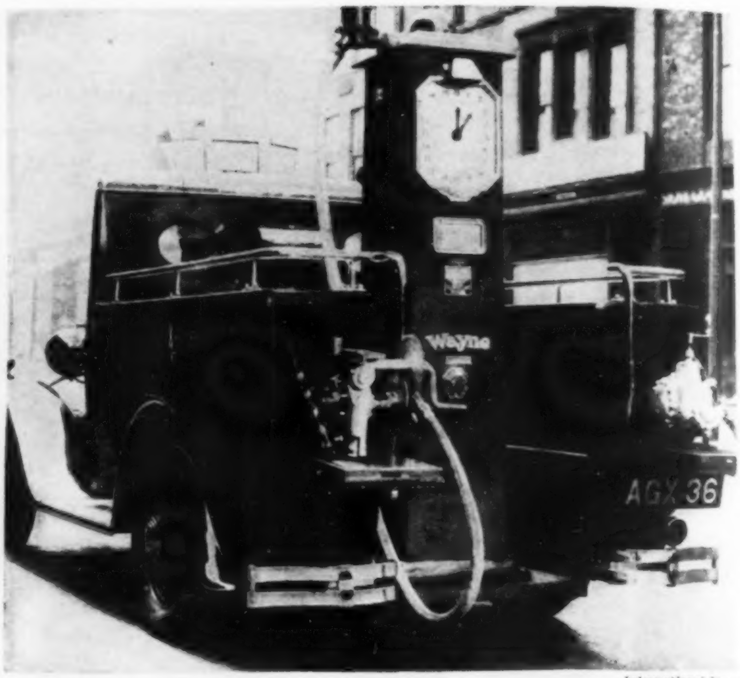
Low prices, according to the Institute, have kept consumption of motor fuel at a relatively high level. But low prices, according to oil men, cannot continue indefinitely under the coming code, with the prospects of apportionment to demand and federal enforcement of anti-bootlegging laws.

The introduction of Ethyl "Q" compound has changed the whole picture of gasoline merchandising. Big and little companies were quick to get the idea, quick to shoot up their anti-knock rating in the regular grades with this compound.

Ethyl regulations prohibit mention of Ethyl, set a maximum knock number. Which has led to no little private amusement in the trade over advertising variations of the same motif.

Refiners, beyond billing their product as new, better, and of premium quality, have followed Ethyl's injunctions against the intimation of Ethyl content. But the little tin labels on the tank pumps are the tip off. When the regular grade pump carries the enamelled warning of Tetraethyl lead, customers may be sure they're getting the new "regular" Ethyl.

To meet its self-made competition, Ethyl Corp. has consented to the reduction of the 3¢ premium to 2¢. Service station attendants, able to say, "Fill her up with Ethyl? Only 2¢ more now," stand a better chance of trading up buyers to whom the 3¢ premium was a little stiff, considering the new gasolines. Both Ethyl Corp. and its licensees, however, will emphasize maintenance of the traditional Ethyl superiority over regular grades.



International News

PERIPATETIC PETROL—A mobile gasoline station in Sheffield, England. It has an American pump, mounted on a Ford chassis. Such stations on wheels might be popular in England, but they are looked on as an evil over here, where the figures show that there are too many stations anyway.

Some idea of Ethyl's increasing use may be gleaned from the recent announcement by General American Transportation Corp. that it will build 12 more tank cars, 6 of 6,000 gallon, 6 of 3,000 gallon capacity, to haul the Ethyl fluid from Wilmington to the refineries. Consider, in this connection, that a teaspoonful of the fluid will treat a gallon of gas.

Flexible Advertising

National advertisers have changed their systems to fit the new rules.

ADVERTISERS are playing them close to the shirtfront these days, as everybody knows. Changes in the game, forced by the depression, have brought changes in system, some to merely a more cautious basis, some to a more scientific one. Of 285 national advertisers the proportion basing appropriations on a fixed percentage of sales for the previous year dropped from 14% in 1930 to 9.3% in 1933. In the same period appropriations based on a fixed percentage of sales for the future year climbed from 13% to 31.2%. The percentage that just estimate the amount needed for an adequate campaign and go ahead on that basis rose from 37% in 1930 to 49.8% in '33.

A recent investigation by the Association of National Advertisers, which thus measures the change that has come about with the hazarding of white chips for penny profits, indicates that a good many advertisers don't go very far ahead on any basis these days. Increasing numbers are operating under budgets made up for periods of 1, 3 or 6 months in advance, instead of the customary 12. And the majority of those that do lay out plans for 12 months now arrange to revise their budgets at periodic intervals throughout the year to take advantage of changes in conditions and in convictions regarding media and methods best qualified to capture the occasional fat pot.

The A.N.A. survey gives proprietary medicines the highest rate of advertising expenditures to sales volume, averaging 40.17% in 1932 and 41.67% in 1933. Among industrial advertisers, building specialties showed the highest rate, 7.50% a year ago, 6.75% now.

Home Glassware

Libbey (glassware for hotels) extends its market to the home.

LIBBEY GLASS MANUFACTURING CO., one of the pioneers in the business and the largest producer of glassware for hotels, restaurants, and other quantity buyers, will enter the home market.

Production of a new line of crystal glassware for household use will go on all summer to gain national retail distribution before fall.

Public Works

Power plays a prominent part in the Federal construction program. Politics also has a rôle.

If $3 billions is enough sugar to sweeten the industrial recovery program, it will be well spent. But in public works the sugar barrel is always close to the pork barrel, and the anxiety of the Roosevelt administration that its record should not be spoiled by a big grease spot is one reason why the biggest public construction program since erection of the Great Wall of China has been so slow in getting underway.

But there is another reason for 7 weeks of delay in commencing on the major part of the program. The new administration remembers that Mr. Hoover still lives as "a great engineer" and it would be magnanimous indeed to acknowledge this by building on plans that were drafted in his administration. One of the largest allotments so far made by the Ickes' board of public works is $38 millions for a big dam christened Hoover, regardless of any other name by which it may be known for a few years.

With Boulder dam under way for 3 years past, the Public Works Administration had to scramble around to put a new dress on other major projects that are still in the blue-print stage or, like Mississippi River flood control and navigation, carried through successive steps.

First, however, the Board released funds that, excluding Boulder dam, totalled $52.7 millions for a wide variety of small federal projects, much of which will not be spent on either construction or repair but for activities, such as gypsy moth control, which fared badly in trimming the budget. Subsequent grants have brought the total alloted to over $1 billion, practically all for federal projects.

While groping for a policy on federal public works, the Ickes board got lost in the back alleys of politics trying to set up an organization to carry through a countrywide program of state and municipal construction. Waterworks and sewerage disposal plants are the usual types but municipal power plants, says smiling Mr. Roosevelt, will be very favorably considered—even, adds Secretary Ickes, in towns now served by a privately-owned utility. It is understood that such municipalities will not even have to show contracts for service to be purchased when supplied.

State boards of 3 members each have, at last, been named to select projects and send them on to Washington for O. K. Ten regional "advisors" will serve as walking delegates of Secretary Ickes to keep the states pepped up and to straighten out tangles. As finally set up, the Public Works Administration is non-political in operation. Appointment of non-technical men as regional advisors and as members of state advisory boards was necessary to mollify the politicians. The function of the state advisory boards, however, is merely to propose and thereafter, political considerations will not prevail against the judgment of competent engineering personnel.

Local Ardor Cooled

The "money back" attitude of the Public Works Board has put a damper on plans in many communities. The board will donate up to 30% of the cost of labor and materials on approved projects and will finance the remainder of the total cost, as the law contemplates, if the town can show something better than a juggled budget and is able to convince the federal board of its ability to repay the loan within 30 years.

But after 6 weeks of jiggerfritzing the local end of the public works program will get started this week. It is simply a job of "combing out the haywire," according to Col. Henry M. Waite, deputy administrator. State boards are expected to "forget local prejudices" and forward to Washington a well-considered program that merits quick approval. If the state committees are not discriminating there will be a hopeless jam in Washington.

Another "Tennessee Valley"

Policy on federal public works also is emerging in tangible form, dictated obviously by President Roosevelt as, without waiting to see how his vast scheme of social economy in the Tennessee Valley develops, $63 millions have been allotted for a similar experiment in the Columbia River basin. The start will be made by building a 251-foot dam at Grand Coulee, Wash. The height was lowered from 450 feet originally proposed as there is no market for 1 million hp. in this region, but foundations laid now will support the structure that may be raised later. The dam will produce the cheapest power in the United States, according to the President, and 70% of its cost will be returned to the federal government by the state out of power revenues. Revision of plans will take 6 months.

In another project, a $21-million dam on the North Platte in Wyoming, the policy of President Roosevelt and the Public Works Administration is even more clearly revealed. The idea here is to combine flood control, with power development and reclamation. Secretary Ickes previously had declaimed that reclamation would not figure to a great extent in the public works program be-

Wide World

PUBLIC WORK—Lifting the last stones into place on the magnificent new home of the Supreme Court which will replace the present vault-like halls.

cause he "couldn't see any sense in bringing more land into production when the government is paying money to farmers to take it out."

Now, however, reclamation and power development have been hooked into flood control to justify a departure from the Hoover administration's policy, which is also that of the Army engineers, on river work. Fundamentally, it is an engineering problem. The Army engineers regard as the most effective and least expensive form of flood control in the Mississippi basin, a chain of levees and spillways on the lower river. Storage dams on the upper reaches of tributary streams have been regarded as too expensive and of doubtful value either for flood control or navigation. Col. George R. Spalding, a member of the Mississippi River Commission—and temporarily, at least, on the executive staff of the Public Works Administration— submitted a report to Maj. Gen. Lytle Brown, Chief of Army Engineers, recently casting doubt upon such a plan for the development of the Upper Missouri.

The North Platte project is, however, a unit in this program and others undoubtedly will follow if President Roosevelt pursues his apparent policy. As a source of water supply, the dam at Alcove, Wyo., will irrigate 40,000 acres, but, so that this should not conflict with Secretary Wallace's plans for acreage curtailment and the retirement of marginal land from agriculture, the President explained that, for every acre brought under cultivation by reclamation, 3 or 4 acres of marginal land elsewhere would be removed.

Unfinished Symphony

New Glass bank bill is due for revision. Bankers will assist in writing a law that will liberalize branch banking and direct credit extension to industry.

BANKING laws and practices are going to be changed—have been, in fact—and there will be better laws if bankers cooperate than if they stand aloof and criticize as they did during the last session of Congress. This is the principal point of a report of a commission of the Association of Reserve City Bankers.

Talk of withdrawal from the Federal Reserve System is just nonsense, the report points out. Large-scale withdrawals from the Reserve would (1) alarm the public and perhaps precipitate another banking crisis, (2) insure punitive legislation in the next Congress that would put out of business every bank not in the Reserve.

John H. Hogan, head of the commission, showed that the bankers are beginning to get the public's point of view. "The man on the street," he said, "knows that a bank charter cannot be obtained except from a government agency. He knows that when the sign 'Bank' is put up, the government agency has endorsed that establishment and permitted it to accept deposits.

"The average small depositor has no basis for discriminating between a safe bank and an unsafe bank. When in these circumstances thousands of banks close, involving heavy losses to depositors, the average man feels that injustice has been dealt him. From millions of men and women in this situation a demand has arisen that these deposits should be protected. As long as bank failures are permitted to continue, this demand will exist."

"The question before us today is not the soundness or unsoundness of the deposit guarantee plan but of a sound banking system."

The new law is not to be regarded as the last step. It will be further amended and attempts will be made in coming sessions of Congress to strengthen the banking system further and rectify whatever weaknesses have been overlooked in the law. The significant thing is that bankers have begun to recognize their responsibility in assisting to shape a law. These sentiments were expressed by George F. Rand and Edmund Platt at the recent meeting of the Midland Marine Group. George W. Edwards speaking on banking problems before the New Jersey Bankers' Association echoed the idea.

Why Banks Close

Cleveland's post mortem on Guardian Trust suggests several ounces of prevention.

THE Guardian Trust Company of Cleveland, a $150 million state bank which went into liquidation following the events of March, "window-dressed" its statements, had no clearing house examination in 10 years though it was a member of the Cleveland clearing house all that time, lent money to the two senior officers of the Cleveland Federal Reserve bank, lent $4.9 millions to its own directors and $20 millions to companies officers were interested in, paid its president $90,000 a year because "the increase in deposits justified it," lent him $272,000, made a profit on sales of securities to its trust depart-

FENDING MACHINE—The Rotary Highway Guard, developed by the Machined Steel Casting Co., is not just a fence, but a machine which keeps cars on the road without smashing them. Tires strike the rotary bumper, which rotates freely, turning the front wheels back toward the road.

Railroad engines and elevators

A great engine rolls out upon its tracks. It throbs a little from the energy stored in its boilers — impatient to be off on its famous run. An army of men have groomed this giant of power. After every trip it is carefully gone over by the best of mechanics. Its job is vastly important and it must not fail.

IN AN elevator shaft, a car runs up and down all day long. Hidden away under the roof is its motor and its various features of control. This elevator's job likewise is important and it must not fail. Like the great railroad engine, it must receive regular and exacting care.

The Maintenance Service of Otis Elevator Company provides thorough and intelligent elevator care. An elevator grooming comparable in its way to that given this great steed of the steel rails.

Under Otis Maintenance, an elevator is gone over regularly from pit to roof. Its fine motor is carefully examined. The cables and the brakes are tested. Many exacting adjustments are made in the working parts. A worn part is replaced before it has the opportunity to give trouble. The service men are vigilantly on the lookout for any little irregularity that would inevitably give trouble and bring exasperating and costly interruptions in service. Otis Maintenance Service is available for all types of buildings — big city or small town, apartment or hotel or office. A telephone call to the local Otis office will bring you complete details. Otis Elevator Company, offices in the principal cities of the world, or at 260 Eleventh Ave., New York City.

The picture below shows the motor end of the powerful, direct-drive hoisting machine of an Otis Elevator. This machine raises and lowers the elevator car. It must pick up its load of thousands of pounds and bring it smoothly and quietly to full speed in a few seconds.

ment, made another profit on the sale of some of these securities to its trusts, and had large and costly affiliates in the hotel (Hollenden of Cleveland) and real estate businesses.

All this was admitted by late Guardian officers, in particular its recent president, James Arthur House, in hearings the Ohio State Senate's banking committee has been holding in Cleveland. Purpose of the committee is to obtain suggestions on banking legislation to be brought to the next legislative session. Hearings afforded the Cleveland public several field days of questioning and testimony in the bank failure, admittedly the most serious in the region. The other large suspension in that area was the Union Trust Co., to be inquired into by the committee after vacation.

Mr. House himself made a number of suggestions for new banking legislation or practice: They were: that "window-dressing" by encouraging large municipal and other deposits around statement time be made a criminal offense, that the Federal Reserve system should examine member banks and make the facts known to the public (other Guardian officers differed on this point), that bank directorates should be not more than 15 men (Guardian had 55), that banks should not lend to officers and directors, that no bank should profit on sales of securities to its trust department, that a bank should not have speculative affiliates, and that trust, savings and commercial banking should be separated (other Guardian officers differed here).

Henry Ford, said House, drew out $4 millions in the last few years of the bank's existence, and had only $25,000 in it when it pulled down the shades.

Profits Again!

Second-quarter earnings show concrete evidence of recovery and strengthen Administration's hand in its drive to increase labor's share of the profits.

SECOND-QUARTER earnings of 94 industrial corporations totaled $75.5 millions against $3.6 millions for the first quarter of 1933 and $11.4 millions for the second quarter of 1932. The increase of 563% between the second quarters of this and last year shows the effect of the new deal on industry.

Of the 26 industrial groups into which the 94 corporations are divided by Standard Statistic, 5 still remain in the red as against 9 in the first quarter of '33 and 11 in the second quarter of '32. Two railroad equipment corporations which reported net profits of $16,000 for the first quarter of this year and of $25,000 for the second quarter of last, now show an aggregate deficit of $13,000. Theirs is the only group that has fallen from a profit to a loss. Three advertising, 2 aircraft and one theater concern went downhill. The remaining corporations in this list show impressive increases for this second quarter.

Automotive Upturn

Five automobile firms contrast earnings of $41 millions with $5 millions in the first quarter of '33 and $4 millions in the second quarter of last year. Eight automobile part and tire corporations have turned a first-quarter deficit of $1.7 millions into a profit of $974,000. Two building and real estate corporations have swung from a $1-million first-quarter deficit to a $115,000 profit, 7 chemical companies from $7½ millions earnings to $14 millions, 11 food products concerns from $12.4 millions to $14.7 millions, 5 oil products companies from a $5-millions deficit to a $5-millions profit, 3 paper corporations from $149,000 profits to $306,000, 6 steel and iron companies from a deficit of $18½ millions to a loss of less than $10 millions. Retail trade which was $2 millions in the year's first 3 months is $143,000 ahead for the second 3. And the 2 largest industries in the country, General Motors and United States Steel, which showed a combined deficit of almost $10 millions in the first quarter, chalked up a combined profit of $32½ millions in the second.

Utility Showing

Turning from corporations to the utilities the picture is not so impressive, though still cheering. Eight utilities showed second-quarter earnings of $40 millions against $37 millions for the first quarter and $45 millions for the second quarter of 1932. The decline of 10.2% from last year, in large measure is accounted for by the lower earnings of American Telephone and Telegraph—$34 millions against $35.5 millions for the April-June period last year.

Seven railroads happily report earnings of $3.7 millions against a deficit of $587,000 for the first quarter and earnings of only $269,000 for the second quarter of 1932, an increase of 1,276% over last year.

Those who argue that increased business profits are prerequisites for general recovery will find these earnings reports cheering reading. On the other hand, they clearly indicate that the Administration was none too precipitous in pressing upon industries the codes it has designed to switch some of these profits to labor. With low wages and low operating expenses, the consequence of 3 years constant adjustment, a small increase in business can greatly increase corporate profits.

The report of the Chrysler Corp. is a case in point. Sales to distributors for the first half year were only 65,000 units higher than for the corresponding 6 months of last year but the Chrysler net income for the 6 months was $4.7 millions against a loss of $880,000 for the corresponding 6 months of 1932. Second-quarter profits of the Chrysler Corp. amounted to $7.7 millions against a $3 million loss for the first quarter. In spite of that first-quarter loss, the company's 6-months' profit was greater than for any corresponding period since 1929.

General Johnson, asserting that the temper of the country would change radically if many millions of workers should remain unemployed or employed at deflated wages while industry is piling up huge profits, undoubtedly had his eye on these second-quarter figures.

Power

Removal of Dr. Smith, elevation of McNinch, give utility men food for thought.

WASHINGTON—In ordinary times, the upheaval in the Power Commission would get a lot of attention in the press. Times being what they are, removal of Dr. George Otis Smith as chairman and appointment of Frank R. McNinch has gone almost unnoted.

In the first place, one cause for comment would be that the Administration had made a pledge not to disturb the heads of technical agencies. Well, if the Administration does not regard the Power Commission as a technical agency, it must regard the body as a political agency! Not so good, say utility men.

In the second, Chairman McNinch is generally regarded as a person who pays a lot of attention to the insurgents on Capitol Hill. Now he is in a spot which is bound to show which way he really leans.

For 37 consecutive years Dr. Smith rendered notable service as a geologist and as director of the U. S. Geological Survey. He was drafted for service with the Power Commission to fill in until a chairman could be selected. Then came the clash between the Senate and Mr. Hoover over the confirmation of Dr. Smith which resulted in a suit brought by the Senate against Dr. Smith. The decision by the Supreme Court again warns the legislative branch not to en-

croach upon the authority of the executive branch.

Chairman McNinch came into prominence in 1924 when he ran for the Senate against Furnifold Simmons. He was defeated. He supported Hoover in 1928 and in recognition of services was appointed to the Power Commission. At first he was opposed by Senate insurgents but they soon changed.

Mr. McNinch has a keen mind. His two and one half years on the commission has acquainted him with many features of the work. He still lacks an appreciation of engineering difficulties and business hazards incident to the generation and distribution of electricity, a deficiency which may account in part for the lack of sympathy with corporate developers.

Uncle Sam's Credit Is Good

First test of the bond market since 1931 shows that U. S. long-term issues are readily absorbed in spite of inflation prospects—which is encouraging to a Treasury with refunding ambitions.

THE first effort of the Treasury to convert a part of the $3-billion floating short-term debt into a moderately long-term bond issue has proved surprisingly successful. On August 1 the Treasury offered $500 millions 3¼% Treasury bonds, dated Aug. 15, 1933, and due on August 1, 1941 designed to replace $469 millions of 4% certificates due on August 15. They were issued in denominations of $50 to $100,000, exempt from all taxation both as to principal and interest.

To replace $452 millions of 1¼% certificates due on Sept. 15, there was offered at the same time, in denominations of $100 to $100,000, a total of $350 millions of 1⅝% Treasury notes due on Aug. 1, 1935, also exempt from all taxes.

Allotments on the bonds were fixed on the usual pro-rata basis but holders of the $469 millions 4% certificates maturing Aug. 15, and of the $451 millions maturing Sept. 15, were offered full allotments in exchange for present holdings. If all of the certificate holders made the exchange, the long-term issue would be $921 millions in place of the $500 millions announced, reducing the short term debt by that amount.

Within a few hours after the new issue was placed on the market it was announced it had been oversubscribed, though official figures will not be available for some weeks.

Of the $3 billions short-term debt, about $954 millions is in 90-day bills. Subscription of $60 millions of 91-day bills dated Aug. 2 amounted to $201 millions, which bore interest at the rate of from $0.30% to 0.36% per annum. It is not likely that any attempt will be made to reduce these bills in the near future, unless they appear to be attracting money which would otherwise go into commercial channels. In the opinion of the Treasury officials they do not interfere with commercial financing. There are no further certificate maturities until December, when 2 issues of $254 millions and $473 millions fall due. They bear interests of ¾% and 4¼% respectively. However, it seems entirely likely that there will be another issue, or issues, sometime after Sept. 1 in order to provide funds for the recovery and relief programs.

Gratifying Success

The success of the new issue is especially gratifying when it is recalled that in Sept. 1931, the Treasury's issue of $800 millions of 3% 24-year bonds was barely subscribed, and within a few weeks had dropped to a discount of 20%. This decline was the consequence of forced liquidation of bonds by banks to meet the demands of depositors who then feared the collapse of the banking structure. The bonds also were adversely affected by the expectation that the unbalanced condition of the government budget would necessitate additional issues of about $2 billions to take care of ordinary refunding operations.

The disastrous experience of 1931 made the Treasury chary of long-term financing efforts. The success of this 1933 issue, however, revives Treasury interest in the possibility of refunding the $6 billion 4¼% 4th Liberty Loan now outstanding and callable upon 6 months' notice on any interest paying date. The first call date was last April, the next one will be Oct. 15. A substantial savings in interest could be made if the 4¼'s could be replaced by 3¼% bonds. And the first Liberty Loan, of which $1,900 millions is outstanding and which bears interest at 4¼%, is also callable on 90-days' notice. The Treasury is now likely to do something about these issues at the first opportunity.

Confidence Paradox

One may speculate on the paradoxical situation whereby an Administration committed to a program of currency depreciation is able to command the confidence of long-term investors whereas the preceding Administration, which assured the country that the dollar was as firm as the Rock of Gibraltar, met with disaster when it attempted a long-term issue and after that, refused to test

Wide World

AIR SLEEPER—Aboard an American Airways night plane, in which the seats are made up into berths. A thick curtain shuts out lights and the conversation of those who prefer to sit up. Plane makers look forward to air sleepers providing but little less room than a Pullman berth.

the strength of the long-term investment demand for government securities.

Factors in favor of the present Administration include not only the greater confidence which it enjoys but the advantage it gains from the absence of adequate investment opportunities. Institutional investors with funds at their disposal must place them somewhere. During the first 6 months of the current year new financing of all descriptions, exclusive of United States issues, has amounted to only $500 millions compared to $6,300 millions for the corresponding period in 1929, over $5 billions for the first half of 1930, and $3 billions for the first 6 months of 1931. Excluding refunding issues, the actual amount of new capital offered this year has reached only $280 millions and only $60 millions of that sum represented corporate financing. During the same 6-month period, the Federal Government issued over $4,600 millions of obligations which involved a net addition of nearly $1.7 billions to Federal indebtedness.

The government, therefore, has replaced private financing in absorbing capital. When it is remembered that government issues for refinancing and new financing may reach as high as $12 billions during the coming year it becomes obvious that there will be ample opportunity for investment by those who have capital. In view of the possibility of huge issues the high favor among investors enjoyed by the government is one of the anomalies of the times.

Drive-In Theater

Your car is your private box in the newest outdoor theater.

THE new Drive-In Theater at Camden, N. J., first in the world, accommodates 400 cars. There are 7 rows of parking spaces, with aisles 50 ft. wide. Cars may come and go without disturbing neighbors. Each row is graded up slightly at the front, so that occupants have uninterrupted vision.

RCA-Victor worked out the sound installation so that people in the last row get the same volume and quality as those in the front. Something new, it is called controlled directional sound. Photophone engineers went to a lot of trouble to solve the unusual acoustic problem of the outdoor theater, figured there might be many more of them in the future. They succeeded pretty well: even in a rain storm, with all the car doors and windows closed, patrons can hear everything.

Richard M. Hollingshead, Jr., had the happy idea, patented it. He thought people would enjoy movies where they could dress as they please, smoke, talk, and eat supper at the same time.

Doc. Crawford

A little country doctor, peering through thick lenses, shakes the commodity markets of the world.

THE recent crumpling of commodity and stock prices added the name of Dr. Edward A. Crawford to the list of imperial plungers already adorned with inscriptions to such illustrious speculators as Cutten, Leiter, Armour, Sully, Livermore, Durant. In some respects the diminutive physician surpasses them all. Most of the old timers had solid interests which they forsook now and again for exhilarating flyers on the market; Doc. Crawford is an out-and-out speculator and pretends to be nothing else.

Again, the old timers selected a single commodity, concocted elaborate stratagems with which they hoped to drive it into a corner. The good doctor spurned such small specialty deals. Apparently he was bent on cornering most of the grains, while making huge bets on other commodities and on stocks with his left hand. Doc. Crawford's Napoleonic plans failed—but so, often, did the niggardly dealings of the specialty operators. Under glares and direct threats from Secretary of Agriculture Wallace, the Chicago Board of Trade temporarily suspended futures trading, set minima grain prices, restricted fluctuations.

Also the Board of Trade suspended little Doc. Crawford under its famous Rule 120, which covers insolvents. Actually no one knows whether this pluperfect plunger is broke or not. Seventeen brokers, stuck with his commitments, are anxiously trying to find out. They got a break when minimum prices were set. Losses would have been pretty terrible had they been forced to dump the Doc.'s vast holdings for what bidders would pay. Estimates of Crawford's paper profits before the crash ran as high as $100 millions. From that altitude he could still drop a long way and have left a million or so to cushion his fall. However, unhappy landings are nothing new to Doc. Crawford. The chances are about even that he will die a pauper or a billionaire.

Not At Home

Headquarters for the Doc.'s vast deals is an uninspiring little office in New York's Cotton Exchange building. A window somewhat larger than a speakeasy peep-hole bars the inquiring reporter but allows him a view of questing auditors within. One of these was going through a set of books and making notes. He was using a red pencil. An inquiry brought out that they still couldn't announce the doctor's dollar status. Dr. Crawford wasn't in. No one knew when he would be back.

"He went away somewhere for a week-end. It's been pretty darn hot, you know—the weather was, I mean."

It is a strain for the most robust imagination to picture a tiny country doctor seated in this bleak little office broadcasting buying orders large enough to stagger the commodity markets of the world. Everything was OK until he tried to transmute his paper increase into hard (or soft) dollars. When he started unloading prices cracked—which seems to be the great trouble with corners. Anyhow the estimated holdings of the Doctor at the top of the Crawford market are something for other high-flyers to shoot at.

His commitments at one time are said to have included 40 million bushels of rye (the total rye crop for 1931 was only 32,746,000 bushels). Even after the suspension he held 13 million bushels of corn. Holdings of wheat before the break were put as high as 20 million bushels, those of cotton at 50,000 bales.

Off and on he took whirls at oats, barley, lard, rubber. A heavy line of silk acquired at $2.25 a pound is said to have been taken off his hands at $2. Cottonseed oil and sugar (both old friends) were given spins at different times. Of silver he is reputed to have taken 6 million ounces. At the time he hit the bumps an estimate of his stock holdings reached 1½ million shares. That is more shares than some day's total trading.

Eggs In His Basket

Even the poultry yards of the nation were not free from the doctor's invasions. Wall Street says one of his boldest raids was into the egg market. Hens and roosters were put on their mettle by rumors that the acquisitive chirurgeon had contracts for 3,169 million eggs. A statistician figured out on a luncheon tablecloth that this would be a full year's work for about 8,700,000 hens if each was a paragon of production and laid an egg every day. (This didn't approach a corner, as about 24 billion eggs are sold annually in this country.)

Personally Doc. Crawford is anything but impressive. He is a little over 5 feet tall, falling into the classification of a very small man or a very large midget. He is of frail physique. Through oversize lenses he peers out with wistful innocence on an unsuspecting world. A fellow operator on the Cotton Exchange says he never saw Doc. Crawford smile. Killings and disasters leave him outwardly unmoved. New Orleans knew him as the original "ice water operator." A chart of his financial history would look like a Coney Island roller coaster.

International

DOC. CRAWFORD—He wrote a prescription for millions.

The Doc. hails (if you could use so noisy a word for so noiseless a personage) from Florida. He graduated from the medical school of Valparaiso (Ind.) University in 1911 and practiced thereafter in Jacksonville, Fla. The South has two peculiar amusements—Coca-Cola drinking and dabbling in cotton futures. Naturally Doc. Crawford varied his pills and ipecac with nibbles at the cotton market. With $800 in his pocket he moved to New Orleans where he ran his stake up to $30,000. Hankering for the big time he came to New York, made millions, was wiped clean by the 1929 holocaust.

Come-Back on Auburn

A Wall Street commission house let him have $25,000 for a come-back. In 1931 he went short on Auburn Automobile, switched to the long side at the right moment and rebuilt his roll. In the New Deal's inflation program he saw another big chance and shot the works. At one time his long grain interests are said to have totaled 220 million bushels. It is no wonder that his sales temporarily wrecked an overbought market.

"One more sock on the nose is nothing to that bird," his friends say.

Doc. Crawford says nothing.

Wide Reading

THE NEW DOLLAR. George F. Warren. *Forum*, August. A thorough explanation of the need for a new value for the dollar, by the man who is Roosevelt's technical adviser on devaluation and prices. Every executive will want to read this article.

CAN CURRENCIES BE MANAGED? Henry Hazlitt. *Nation*, July 26. What constitutes a "managed currency"? How is the managing done? What would be the results?

WHAT THE COTTON CODE MEANS. *Textile World*, July. An issue devoted to interpretation of the new cotton code, with concrete suggestions to the textile industry.

NATIONAL SELF-SUFFICIENCY. John M. Keynes. *Yale Review*, Summer. Countries are going to work gradually toward a greater degree of self-sufficiency. Economic isolation will probably be greater than in 1914.

LABOR AND THE CHALLENGE OF THE NEW LEISURE. Spencer Miller, Jr. *Harvard Business Review*, July. A fresh interpretation of the changing relationship between work and leisure.

MINERS MUST EAT. Helen Hall. *Atlantic*, August. Some phases of the unemployment problem not generally comprehended. Relief as it is—and might be.

NEW ECONOMIC FORCES IN THE FAR EAST. *Annals of The American Academy of Political and Social Science*, July. Pertinent symposium on the natural resources in the Orient, and the conflict of ambitions to win control of essentials.

HITLER'S REICH: THE FIRST PHASE. Hamilton Fish Armstrong. *Foreign Affairs*, July. What is happening in Germany under Hitler; what it means; what the ultimate outcome can be.

THE ANGLO-AMERICAN LOVE AFFAIR. Hamilton Butler. *American Mercury*, July. What the British do to hold American friendship when they are in a tight place. Some interpretations of current problems.

REPORTS-SURVEYS

GUIDES TO BUSINESS FACTS AND FIGURES. Special Libraries Association, New York, 49 pp. Indexed and descriptive list of business reference sources. Excellent handbook, thoughtfully arranged. Worth having in every office to suggest promptly sources of information in every line.

AMERICAN FIRMS DEALING WITH GERMANY. Albert Degener. Board of Trade for German-American Commerce, 93 pp. List of American firms with branches, agents, or correspondents either in Germany or covering the German market in one way or another.

BOOKS

MODERN INDUSTRIAL ORGANIZATION. Herbert von Beckerath. McGraw-Hill, 385 pp., $4. Intensive study of industry and the controls which have been created to keep it in bounds. Authoritative; especially valuable in view of current radical changes in organization control.

Shall We Sell Gold?

New ruling from Washington seems to indicate gold ore exports can again be expected. Miners await details. World price well above artificial domestic level.

"No gold which has been smelted may be exported from the United States except under license."

This is the new ruling of the Attorney General. "Which has been smelted" is the clause which aroused interest. Since the United States left the gold standard, no gold has been allowed to go out of the country. Gold mining companies would like to believe that this new ruling is intended gradually to permit unrefined gold to move again to the world market.

An Embarrassed Administration

When Washington officials were pressed for a complete interpretation of the regulation, there was some hesitation. The Administration, it seems, does not want to commit itself too soon or too definitely. Not even gold mining officials had a satisfactory interpretation of the ruling by the middle of the week. All that was said by way of interpretation was that gold concentrates and gold ores might now move in world trade.

The matter is of considerable importance. When an embargo was placed on gold, it covered all gold. Naturally, the real purpose was to protect the gold reserves on which the country's currency is based. Most of this is refined gold in the form of bars held in the Federal Reserve Bank.

So long as the gold content of the dollar remains fixed (and this has not been legally changed though the dollar is not officially on the gold standard), the price paid for gold remains fixed. The official rate is still $20.67. Outside the United States, gold sales are being made at a price somewhat over $30. Under the ruling which held until this week, American production could not move out of the country (except on a bootleg basis) to compete for this higher world price. Miners have naturally resented this curb, and production has fallen off in recent months.

Bulk of Output Affected

When officials in the gold mining industry were approached for their interpretation of the present ruling, they were reluctant to talk.

They did point out that a large portion of the United States output of gold might come under the ruling of "concentrate" if it is interpreted as liberally by Washington as they expect it will be. The mining fraternity feels that so long as heat has not been applied to any of the products of the processes of recovering gold, they do not come under the classification of "smelted gold."

In the recovery of gold from gold ore, in addition to simple gravity washing methods, there are 2 main processes. One is the cyanide process; the other is the amalgamation process. In the cyanide process, miners would be allowed to ship the gold precipitate out of the country, officials in the industry believed, because this is the final product in the recovery process prior to the application of heat. In the amalgamation process, where mercury is used, the gold amalgam might be shipped under the same interpretation.

The industry here points out that, should this interpretation be accepted by Washington, it would mean that very little gold smelting would be done in this country and that most of the concentrates would be shipped to Canada for smelting and selling on the world market.

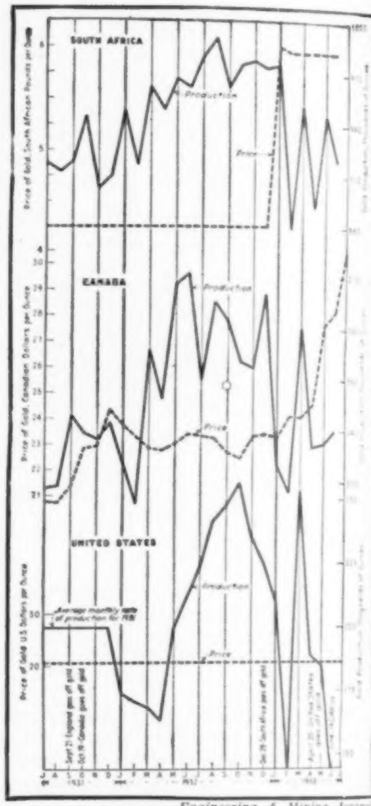
Mining companies believe that they are not being over-optimistic in expecting such an interpretation. The United States is outranked as a producer of gold only by South Africa and Canada. As unemployment increased with the jobless tempted into gold prospecting, and as hopes of getting a premium on gold in foreign markets rose, production went up. Then the United States left the gold standard and the differential between the domestic and world prices began to spread. Developments in the last few months have convinced the industry that there is likely to be a relatively long period before the monetary side of the gold problem is settled in this country. Meanwhile, miners have been cut off from a profitable world market and are inclined to curtail output until they know what future policy will be. This is no help to the recovery program, is quite out of line with the general principles of price-raising under the NIRA.

Cleveland Knows

City-wide inventory of real estate answers all the questions others guess about.

CLEVELAND has finished a county-wide inventory of real property on the census tract pattern. Financed by banks and other lending agencies, by newspapers, public utilities, builders, and realtors, the committee has compiled all the information bearing upon the utilization of land in a community of 1,200,000.

The report gives for each tract (average population, 4,200) the number and types of buildings, their degree of occupancy, the amount of "doubling up" of families, the amount of vacant land and its location and zoning, and the number of sublots added to each tract in each year of the last 16. Data are also given on demolitions and the new construction and remodeling which took place in each tract last year, and the number of foreclosure suits brought in each tract in each year of the last 4. There i



Engineering & Mining Journal

WHAT PRICE GOLD?—In the last 2 years the price the gold miner has received for his gold has fluctuated over a wide range in several countries. In South Africa, largest producer, the price was steady until the country abandoned the gold standard. In Canada, second producing country, the price has risen quite steadily since Britain (and Canada) left the gold standard. The United States ranks third in world production. Since April there has been an embargo on all gold exports. The price for gold remains fixed, though the world price is up about 30%. American miners want freedom to sell commercial output on world markets, believe that a ruling from Washington, not yet adequately interpreted, will give them this right. Authorities believe it would require shipping gold out of the country in the form of concentrate, for smelting abroad, probably in Canada. The scheme is a temporary expedient until the United States again stabilizes the dollar. Meanwhile, price uncertainty has caused production to fall off in all major fields.

also complete information on the types of stores or other business property, together with the population and family characteristics of the neighborhoods, including color and nativity of family heads and an approximation of their economic status as shown by rents paid.

Practical Applications

With great precision an oil company or a chain store can ascertain, before locating a unit, the rate of growth or decline in a neighborhood and the probable reasons therefor, the currents of population movement within the city as they express themselves in a small area, and the physical makeup of everything in sight. It may know, if it cares to, how many 2-family dwellings are occupied by Poles and what rents they pay, how many garages and stores they have now, and whether the vacant land around these houses is diminishing and at what rate. To all this information the backers of the inventory are arranging to add monthly reports of population movement in the city by means of data from the transfer companies. Public authorities are also compiling on the census tract pattern much health and police information.

Useful Knowledge

From this vast corpus of figures the city has discovered several things, some of them probably applicable to similar cities.

The population of the metropolitan district has grown during the depression. Growth is smallest in history, though; only 1,361 families.

Of the family housing units in the area, 9% were vacant when the count was made. But if the extra or "doubled-up" families were given quarters of their own, the vacancy would be only 5%, small enough to suggest an early housing shortage. Many of the 28,519 now vacant dwellings or flats are uninhabitable.

Apartment houses with more than 4 suites were 22% vacant, but in certain tracts, their vacancy runs as high as 50%.

Study of Vacancies

Of all the stores, 15% were vacant; in some areas 30%. Of the space in the office buildings, 29% was vacant. One-fifth of the 101 theaters were dark, but only 2% of the 1,581 gas stations.

Only 11% of the factories were vacant, but the movement of industry is shown to be, like the population, toward the perimeter.

There were 142,208 sublots vacant, enough to house another city of the same size if they were all built up in 2-family dwellings.

The number of foreclosures in the central city was not abnormally large last year, but it was in many of the new suburbs. Conditions in municipal finance corresponded closely with volume of foreclosure in the suburbs.

Business Abroad

Markets and foreign exchange sensitive to rumors regarding Roosevelt recovery program. London will push credit expansion for industry. New trade trends develop. Japan in sharp rivalry with British and Soviets. Mexico plans 6-year economic program.

Europe

EUROPEAN NEWS BUREAU (*Cable*)—Europe would like to divorce itself from the influence of the American market during the uncertainties which continue as the Roosevelt program unfolds. But the major financial and commodity markets, at least, have not succeeded in doing so.

When someone paraphrased a Roosevelt statement, made just before the Treasury offering in the United States, and made it sound like a definite promise that the United States was likely to raise prices to anticipated levels without actual devaluation of the dollar, a gullible market swallowed the news and dollar exchange firmed, commodity prices sagged. Then the seriously critical got busy, appraised the situation from Washington, from London, from Paris—and the dollar sagged, commodity prices firmed.

Shaky Governments

Europe is sufficiently desperate to grab at any new economic policy which would seem to work. Most of the governments in Europe, however, are in office on a platform quite opposed to the Roosevelt principles. When their press gets busy, almost anything can be turned into a report of pending failure of the Washington program.

Germany is a striking example of a country in which the influence of Washington and Wall Street is being felt less and less. The Soviets have carried on quite independent of day-to-day outside influences for a long time. Italy and Spain are absorbed with their own plans and problems. But the rest of Europe is extremely sensitive.

After the Conference

A number of post-conference developments took shape during the week. Following the announcement of a more or less unified financial policy among the members of the British Empire (page 27), a Canadian loan was offered on the London market for the first time in nearly 20 years. It was for only £15 millions, but it was oversubscribed 3 times within a minute. Outsiders were inclined to view the move as an indication of closer financial relations between Canada and London, but the informed believe it is only a temporary condition which will change after the United States has worked out its recovery program and reached a point where currency stabilization can be undertaken. Even London looks for the Canadian dollar to hold at a level about midway between the pound and the United States dollar.

Included in the statement of Empire policy was an indication that Britain will push credit expansion in the hope that it will stimulate industrial recovery. This is definitely a concession to the Dominions which wanted to go so far as to join wholeheartedly in the United States inflation program. Britain is still divided on policy, with a strong group in London favoring adherence to the gold bloc.

Trade developments are significant:

The government of the Dutch East Indies has assumed the power to fix quotas on various import items, especially agricultural commodities. The government decided to take this move to protect both the native consumer and farmer rather than curtail imports by increasing tariffs. The plan is to be operative 10 months from July 29.

France, following the imposition of higher tariff rates on various American goods, has now decreed a 15% tariff surtax on American goods to counteract the depreciation of the dollar.

Following the recognition of the Soviet Union by Spain, new orders for reciprocal business have been placed by both Moscow and Madrid. Moscow has also placed orders for Argentine products. The new $6 millions of government export credits granted by Berlin to the Soviets are expected to bring new orders soon.

To Meet at Simla

British and Japanese trade delegates are still talking tariffs and trade possibilities in the Empire. A conference between Japanese and Indian cotton and cotton textile interests is scheduled to open in Simla this month. When India raised prohibitive tariffs against Japanese cotton goods imports, Tokyo retaliated with a ban on Indian raw cotton.

Japan is the crux of many problems. Negotiations between the Soviets and the Japanese over the Chinese Eastern Railway are deadlocked, with Japan going ahead as fast as possible with plans to minimize the importance and the value of the line. Antagonism in

MAIDEN VOYAGE—The *Oceania*, Italy's newest competitor in the Europe-South America service, ready for the first run between Trieste and Buenos Aires. With more than 3 million Italian emigrants in Argentina, all eager to travel on Italian vessels when they "go home," Mussolini has shrewdly maintained a regular service with fast ships. German, British, and French lines are keen competitors.

the Vladivostok area is serious, though no outbreak is expected. Both countries are driving shrewd bargains with the other for products badly needed. Beyond that, relations are strained.

The whole problem of Japanese-British textile rivalry is likely to be thrashed out in a general trade meeting which may be called following the Simla conference.

Isolated as she is since the Manchurian affair, Japan is considering more seriously methods of regaining the Chinese market. South China, however, has renewed the boycott against Japanese goods and trade with the north is not flourishing.

Germany

Public works program gets under way, absorbs many unemployed. Cartels to be fostered by Hitler. Securities dull all week.

BERLIN (*Cable*)—The business week has been quiet and rather dull in Germany. Germans were skeptical of the results which might be expected from the World Economic Conference. When the conference failed to bring about many concrete results, business reacted only slightly.

Immediately the conference was over and the tariff truce ended, Germany raised the tariff on cotton yarn by 100%. While this offers protection to a section of German industry, it hits the British exporter hard and even puts the German manufacturer of fine textiles in a serious position on the export market. German spinners have seized the opportunity to form a long-planned tariff-protected price cartel.

Under his new absolute dictatorship, Chancellor Hitler has passed a new law regarding cartels. The Cartel Court is to come more under the supervision of the government, but cartels are to have increased opportunities for proceeding against those entrepreneurs whose prices can be considered to constitute unfair competition. The new law also makes it possible for the Minister of Economic Affairs to create compulsory cartels if they can benefit business. Until now, the coal and potash cartels are the only ones which have coerced memberships.

Public works are gradually getting under way but it is untrue to say that 2 millions have been absorbed by the projects, as has been stated without authority. More than 1¼ millions of men have been absorbed in industry since the first of the year, but not more than 300,000 have been given jobs because of new public works schemes. The automobile industry received a fresh stimulus this week when the German State Railways placed large orders for new trucks.

Securities have been dull all week, due in part to the summer lull. Shipping shares especially slumped when the retiring chairman of the Hamburg-American Line revealed how great the volume of traffic has shrunk this year. The line is being reorganized under Nazi policies.

Great Britain

Empire pledges itself to unified sterling policy. Canada gets loan in London. Business steady. Batá plant opening delayed by labor technicalities.

LONDON (*Cable*)—London looks on the statement by Neville Chamberlain, which was issued after the Dominion delegates to the World Economic Conference had remained behind in London for a little meeting of their own, as significant for 3 reasons:

It indicates that the Empire has small expectation that the whole world will soon get together again to work out economic problems;

It is logical, therefore, that the Empire should go back to its cooperative policy encouraged at Ottawa but not yet progressing too well;

It is evident from the statement that Britain is tied neither to the gold bloc nor to the dollar-inflationist group, but the fact that Mr. Chamberlain insisted on a policy of easy credit for industrial expansion seems to give some support to those (particularly the Dominions) who favor following the Roosevelt inflation program.

British Compromise

Canada was reluctant to the end to agree to a policy of isolation of the sterling bloc. It was only after the British promised to open the London market to a new Canadian loan that Premier Bennett agreed to accept such a plan, for the time being. It is the general belief in London that the Canadian dollar, despite the agreement, will find its level midway between sterling and the United States dollar. How long this sterling independence will be maintained is doubtful for there is still a strong pull from the Bank of England and Treasury officials towards gold. All the exporting interests—and there are many allied with this group—desire an alliance with the dollar.

The investment market responded eagerly to the Canadian loan offer, the £15 million issue being oversubscribed 3 times within a minute.

Up to the recess of Parliament, government officials were opposed to any large-scale public works program. Despite the appeal from Washington for a coordinated world building program to help absorb the unemployed, the present government in part won its way to

power on a platform opposed to the public works expenditures of the Labor government. Nevertheless, there are certain projects for slum clearance which will serve the same purpose as a small-scale public works program, and there is now some hope that work on the giant Cunard liner will be resumed with government aid.

Rails Do Better

The general business tone is still good. Stock markets are firm. Half-year reports for the railway groups, despite the heavy fall in gross revenues, show some good results due to the gigantic savings for the second successive year. This is considered promising by the professionals who foresee big returns if business gets back to old time levels.

The London *Economist*, analyzing industrial profits, is of the opinion that the brunt of the depression, as far as it can be traced in the available figures of net profits, was revealed in reports issued between the fourth quarters of 1930 and of 1932. The net profits of 612 companies reporting in the second quarter of this year, showed an increase of £1,700,000 (3.3%) over profit in the same group a year ago.

New issues in July totaled only £6 millions, which is £11½ millions less than the June total but £2.7 millions above the figure for July of last year. The 7 months total is a new low, at £75.3 millions.

The big new factory at Tilbury, near London, built for the making of Batá shoes (*BW—Jul1'33*), is being held up owing to the difficulty in getting permits for the entry into England of Czechoslovakian instructors. The 600-acre site has been planned to contain a complete township on the lines of the parent plant at Zlin, Czechoslovakia. In addition to the factories, there will be private residences, a cinema, and recreation rooms. The factory has been erected throughout by the welding process. The first building at Tilbury is 16,000 sq.ft. in area. Each of its main columns weighed only 250 lb. and the roof trees 630 lb. This saving in weight promises to give the welding process for factory building a great impetus in Britain, until now slow to adopt it.

France

Paris repays half of British loan. Business quiet. Tariffs increased following end of truce.

PARIS (*Wireless*)—Business has been quiet all week. Prices on the Bourse were weak and irregular. All markets are especially sensitive to developments in Wall Street.

The slight industrial pickup which has continued for several weeks has gained no new strength. This week unemployment figures showed a further decline. Railway receipts show slight improvement.

During the week, France repaid to England one-half of the £30 million loan made last April.

France took a second step to extend her protective system this week, following the lapse of the tariff truce which lasted only so long as the World Economic Conference was in session. The first move increased tariffs on about 60 items, many of them imported from the United States. The second move placed a 15% surtax on American imports to counterbalance in part the depreciation of the dollar.

Latin America

Mexico plans 6-year recovery program. Will cooperate with Washington in developing closer trade relations with Latin America.

MEXICO is getting its own recovery program under way. When Former-President Calles returned to Mexico City recently after a long vacation, he was welcomed not only as the "strong man" of Mexico but as the executive in charge of the country's new 6-year recovery program which is being organized now and which will extend throughout the next Presidential administration. Working with M. Calles will be a National Economic Council similar to the two which have recently been appointed in Washington and in Berlin.

Mexico Will Cooperate

It is significant that when M. Calles addressed the throngs who greeted him at the Mexico City railroad station he said he expected a trade war to follow the new extreme nationalism which has developed following the London Conference. In this struggle, Mexico will cooperate with the United States in the development of closer trade relations within the Western Hemisphere.

Business in Mexico is improving slowly. Retail sales are steady. Industry is progressing more rapidly. Carloadings for June, for instance, were 13.5% above the total for June of last year. Cotton textile mills are working 2 shifts and rayon producers are employing 3 shifts. Cement producers are active on demand from public works and reviving private construction. Tourist traffic is much better than was expected, made a very good showing during July.

Elsewhere in Latin America, business is quiet. The Argentine has ratified the recently written trade pact with Great Britain. Chile has dropped out of the international nitrate cartel which has been trying in Paris to come to some new agreement on marketing quotas.

Far East

Japan plans vast increase in naval construction. Will go after trade in the Americas. Manchukuan industry develops under government monopolies. China gives big construction contract to German firm.

POLITICALLY the most significant development in the Orient is the announcement this week from Tokyo that Japan has increased the army and navy appropriations in the new budget to the largest total in history, and 45% above the estimated appropriation for this year. More than $50 millions will go for new naval construction and more than $21 millions for modernization of capital ships. The boost to industry is evident, as well as the strain on the budget and the prospect of largely increased taxes.

Boost Fishing

Another appropriation expected in the budget is nearly $4 millions for the construction of a new fishing supply base in the Kurile Islands, extending southwest in the Pacific from Soviet Kamchatka.

Also significant is the announcement that the government has set up a special bureau to encourage trade between Japan and the Americas. Renewed efforts will be made to cultivate new markets to make up for lost outlets in parts of the British Empire.

In Manchukuo, the 5-year plan for the development of the port of Rashin in Korea, which will become the major outlet for the products of northern Manchukuo, is under way. Other reports indicate that Japan is extending railroad lines in Manchukuo toward the Siberian border as a matter of defense and to exploit the region commercially. Japanese money is behind every major development and all of the 10 big industrial projects already under way in Manchukuo are government monopolies.

Contract to Germans

Business in China is unchanged. The flood menace is disappearing. Crop reports are good. Railroad and harbor construction is continuing. Government officials in Nanking are reported to have signed a $20 million contract with the German Gutehoffnungshuette Works for the construction of a steel manufacturing plant in Szechewan province along the Yangtze river.

Another report from Nanking states that the government has authorized a $20 million (Mex.) public loan for the relief of the coal industry. The loan is to bear 6% interest. Part of the proceeds will be spent reconditioning locomotives and cars which will be allotted exclusively for the transportation of native coal.

More Soviet Bonds

Second issue in year offered to American public. Bonds will carry 7% interest and mature in 10 years.

ANOTHER issue of Soviet government gold bonds is being offered on the American market. The newest issue is a part of the Second Five-Year Plan loan. The first portion to be offered in the United States by the Soviet American Securities Corp. totals 10 million rubles (the gold ruble is worth about 51c. in gold dollars). The bonds bear 7% interest and run for 10 years, with one-fifth of the issue being redeemed each Oct. 1 beginning in 1939. Interest is payable quarterly in dollars at the current rate of exchange.

This is the second issue of Soviet gold bonds to be offered on the American market this year. A slightly smaller issue was sold during the spring. Those bonds, also sold in 100-ruble denominations, carried 10% interest and ran for 10 years. In the period during which the bulk of this first issue was sold, the dollar was much less depreciated than it is now, so the price of one 100-ruble bond fluctuated around \$60. At the current rate of dollar exchange, the new issue is selling around \$70.

10% Sales Point

American interest in Soviet bonds has not been confined to New York. Sales of the first issue were made to every state. Average sale exceeded \$1,000. Largest sale was \$50,000, to an individual. Point of appeal seemed to be the 10% interest rate. Not a few customers point out that Soviet credit is still good while most of the other countries in Europe have defaulted in one way or another. The Middle West subscribed heavily to the previous issue.

Moscow's promise to maintain an open market for the bonds is one of the sales features. On demand of the bondholder at any time after one year from date of purchase of the bonds the State Bank of the U. S. S. R. will rebuy them at par.

Canadian Financing

Ottawa floats first bond issue in London since war. Part of loan to refund dollar bonds. Rumors of new Empire financial alliance.

THERE was the expected stir this week when Canada announced definitely that the government would go to London for some immediate financing. After floating practically all issues in New York for almost 20 years, it was bound to create interest.

The issue to be floated in London will amount to £15 millions (more than \$66 millions in American dollars). It will be in the form of 4% bonds which will mature in 25 years, but which may be redeemed after 1953.

A part of the new money will be used to redeem a portion of the 5½% Victory bonds (dollar bonds) which mature soon. The balance will be used to finance public works.

The fact that a part of the loan will be used to redeem dollar bonds immediately raised the rumor that Canada would soon seek to refund her entire dollar indebtedness through new issues on the British market. This total approaches \$1,246 millions.

Canadian Position

The rumor probably got its start in the reports from London that delegates of the Empire had remained behind in the British capital to draw up some conclusions on Empire policy following the World Economic Conference. Results were indefinite enough but the official statement implied that the group would work more closely together as one economic bloc. Following the rather serious disagreement among the delegates during the mass sessions in London concerning public works programs, inflation, a return to gold, and cooperation in principle with President Roosevelt's program, the declaration was not taken too seriously by the confidentially informed. Until United States financial policy becomes more definite, Canada may cooperate more closely with the Empire. Eventually, mutual interests in Ottawa and Washington are likely to revive old cooperative development.

Garden Homes

Kansas housing project offers adjacent acreage for crops.

THAT new idea in housing—the "garden home" designed to give the owner or renter an opportunity to raise part of his food while "making his living" at other work (*BW—May23'33*) is to get a practical tryout near Dodge City, Kan., as the result of a \$155,000 R.F.C. loan to the Ford County Housing Association.

The association will build 100 houses, each on a 2-acre tract. Adjacent to each tract will be a 3-acre one owned by a subsidiary of the organization. House rentals will be \$8.50 a month for the first 6 months, increasing gradually to \$22 a month in the ninth year and—according to present plans—fixed at that rate thereafter. The garden tracts will rent at \$5 an acre a year plus \$3 an acre for irrigation service. Another 500 acres of dry pasture nearby will be available at 1 an acre a year. R.F.C. examiners think that revenues from Dodge City workers will make the project self-supporting.

The Figures of the Week

Advance is checked but activity is being maintained. Automobile manufacturers press for steel production. Increased coal and power production prove that factories are busy. NRA makes for general confidence.

FIGURES now coming to hand show that, while the break in the stock market, checked the upward advance of business activity, it has not caused any important recessions. The index, at 69.3, compares with 69.5 last week. Even before the market break, there were many signs of a slackening of pace. Demand for steel has not developed the expected summer drop and continues at 55% of capacity, largely because the automobile industry, the largest single consumer of steel, is continuing to call for production.

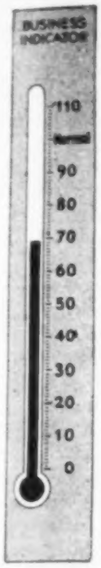
Production of motor cars reached a new high point for the year and totaled 64,425 units last week, as compared with 63,137 the previous week, and 34,465 in the corresponding week of last year. Assemblies for July are expected to total 240,000, and output in August, according to present indications, will compare favorably with June and July. The most pronounced increase during the past week was credited to the Ford Motor Co. with a volume of 19,800 units. The production schedule for August calls for 55,000 units as compared with 50,000 in June. Pressure of automobile production is a consequence of excellent sales reports coming from virtually all over the country.

The outlook for continued steel production is further enhanced by the fact that several of the governmental projects are expected to get into action. Last week's allotment to navy yards for construction of 16 vessels will require, according to the *Iron Age,* 21,775 tons of plates, 9,475 tons of shapes and 7,000 tons of steel sheets. For 21 vessels, on which bids have been awarded to private builders, 45,451 tons of plates and shapes will be required. Nine government building projects calling for 160,000 tons of steel have been officially sanctioned and awards for fabricated steel totaling 33,000 tons have already been made. The first bid for highway steel will be opened on Aug. 11 and will form one of many loans that have been approved by the federal government in 22 states. In brief, the midsummer steel slump is not likely to materialize, or in any event, it now appears that it will not be serious.

Not much cheer can be gotten from figures on building contracts awarded. For the first 3 weeks of July the daily average of residential construction at $973,000 was 8.9% less than the daily average figures for June though 23% higher than for the corresponding period of last year. Non-residential construction, with a daily average of $1,749,000, is 10.4% less than in June and 10.7% less than in July last year. Public works and utilities show an even sharper slump and, at a daily average of $854,000, are 9% less than in June and 64.4% less than in July last year. Total construction for the first 3 weeks aggregated $64 millions, a daily average of $3,577,000, showing a decline of 9.7% from the daily average in June and running 30.6% less than for the corresponding period last year. The only cheering factor is that the contrast with July last year is somewhat offset by the fact that there was an unseasonally sharp advance in construction last July because of governmental activity. Therefore, this year's decline is less steep than seasonally expected on the basis of trends before 1932.

THE BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY	Latest Week	Preceding Week	Year Ago	Five-Year Average (1928-1932)
BUSINESS ACTIVITY	*69.3	†69.5	55.0	
PRODUCTION				
Steel Ingot Operation (% of capacity)	55	56	15	55
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$3,456	$3,676	$5,098	$17,323
Bituminous Coal (daily average, 1,000 tons)	*1,203	†1,161	$733	$1,244
Electric Power (millions K. W. H.)	1,662	1,654	1,440	1,606
TRADE				
Total Carloadings (daily average, 1,000 cars)	108	108	84	143
Miscellaneous and L. C. L. Carloadings (daily average, 1,000 cars)	68	68	58	93
Check Payments (outside N. Y. City, millions)	$3,274	$3,341	$2,516	$4,501
Money in Circulation (daily average, millions)	$5,619	$5,651	$5,718	$4,879
PRICES (*Average for the Week*)				
Wheat (No. 2, hard winter, Kansas City, bu.)	$.90	$1.06	$.46	$.83
Cotton (middling, New York, lb.)	$0.105	$.104	$.060	$.133
Iron and Steel (STEEL, composite, ton)	$30.02	$30.02	$29.46	$33.04
Copper (electrolytic, f.o.b. refinery, lb.)	$.088	$.088	$.050	$.111
All Commodities (Fisher's Index, 1926 = 100)	69.6	70.4	60.9	82.5
FINANCE				
Total Federal Reserve Credit Outstanding (daily average, millions)	$2,204	$2,197	$2,430	$1,422
Total Loans and investments, Federal Reserve reporting member banks (millions)	$16,662	†$16,766	$16,249	......
Commercial Loans, Federal Reserve reporting member banks (millions)	$4,772	$4,790	$5,461	......
Security Loans, Federal Reserve reporting member banks (millions)	$3,789	$3,864	$4,040	......
Brokers' Loans, New York Federal Reserve reporting member banks (millions)	$894	$967	$331	$3,008
Stock Prices (average 100 stocks, Herald Tribune)	$99.37	$99.50	$80.46	$142.53
Bond Prices (Dow, Jones, average 40 bonds)	$88.13	$87.90	$75.07	$90.98
Interest Rates—Call Loans (daily average, renewal) N. Y. Stock Exchange	1%	1%	2%	3.7%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1½%	1½%	2¼–2¾%	3.8%
Business Failures (Dun and Bradstreet, number)	336	366	609	472

*Preliminary †Revised



The Index

The weekly index of general business activity, first of its kind, is compiled by *The Business Week* from 8 series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For details of statistical methods, write the editor.

The coal industry has not been among those affected by speculation in inventories. Consumers' stocks for 1933 have been steadily on the wane compared with previous years. According to the Bureau of Mines, total stocks of commercial consumers and retail dealers amounted to 23,250,000 tons as against 23,843,000 tons on April 1 and 26,300,000 on July 1, 1932, a decrease of 11.6% under last year. At the June rate of consumption, stocks on July 1 were sufficient to last 31 days, as compared with a supply equivalent to 41 days on the corresponding date of last year.

In spite of strikes in the coal regions of Pennsylvania, bituminous coal production is higher this week than last week. Strikes in Pennsylvania coal regions are not only likely to interfere with bituminous coal output, but may cause a shortage of fuel for steel production. Electric power production has made a new gain and is at the highest point of the year; seasonally it stands at the highest point since 1930.

Car Loadings

Freight car loadings have advanced slightly and, together with the increased power production, are fair indications that factory activity is continuing at a fair rate. Loadings for the week ended July 22, totaled 649,000, an increase of 708 cars above the preceding week, and 147,000 more than in the corresponding week of 1932. Total miscellaneous and l.c.l. loadings declined under the previous week, though still well above a year ago. On a daily basis, however, these showed no change.

The increase in freight car loadings is especially significant when it is remembered that the artificially high prices for wheat have limited grain exports, and that grain carloadings in consequence have been continually falling. Coal loadings of 116,000 cars, an increase of 2,961 cars over the preceding week, confirms the reported increase in bituminous activity.

The index shows a slight decline in check payments and a further decline of money in circulation. Bank debts in 140 cities, which had been making satisfactory progress until last week, show a slight recession this week. A sharp decline in brokers' loans was to be expected as an aftermath of the stock market crash. Fishers' index of wholesale commodity prices at 69.6 is 0.8 lower than last week, the first decline since the bank holiday. An important sign of the better business situation is the decline in business defaults. For the week ended July 27, defaults were 336 against 609 for the same week last year. Defaults for the month of July promised to be less than in any month for the past 5 years and well below defaults during 1929.

Though some commodities showed effects of speculative influences, prices generally in the last few days regained much of the losses sustained earlier, in the main due to the active interest of the NRA, inducing the general feeling that raw material prices may achieve much higher levels when codes are established.

Commodity Prices

The average cash price of Kansas City No. 2 hard winter wheat for the week fell to 90¢, the level of the end of June. Average prices of spot cotton despite fluctuations showed no change from the previous week. Copper prices were firm, the result of unusually heavy demand during the week with sales for the week well above the levels of recent weeks. Lead and zinc prices were steady. Tin prices were somewhat lower than in the preceding week, attributable chiefly to the rise in the dollar. Silver prices were again irregular, the result of speculation.

The Bureau of Labor Statistics index of wholesale prices for the week ended July 29 showed a decline under the previous week as anticipated, th decline due chiefly to the decline in farm products, the index dropping from 62.7 to 59.6. Prices of foods also showed a slight decline whereas the other commodities showed small increases as compared with the preceding week. Hides and leather products showed the largest change, the index of 88.3 comparing with 87.7 for the previous week.

NIRA Effects

In the main then, the figures support what is obvious by general observation, that industrial activity is proceeding at the high rate attained a few weeks ago and that no important summer recessions are in sight. The figures should be supplemented by the observation that the industrial and blanket codes now being adopted wholesale throughout the country have stimulated employment. Their psychological effect promises continued optimism and business improvement. The reconstruction movement is gaining momentum and the public is being made increasingly aware of its implications. Newspapers throughout the country are carrying advertisements of national and local organizations that have joined the NRA. General Johnson has made it clear that violators of the codes will be rigorously prosecuted by the Administration.

The Financial Markets

Success of government long-term financing is good omen. Commodities recover even when dollar rises. Railroad bonds return high yield and are strengthened by exceptional earning statements. Stocks remain chastened, with traders closely watching Chicago.

Money

OUTSTANDING in the week's financial developments was the unqualified success of the United States Treasury's first venture into the long-term bond market in nearly 2 years (page 18). It is significant that the Treasury's simultaneous offering of $350 million 1⅝% 2-year notes was equally well received and was promptly bid to a premium on the when-issued market.

One of the most interesting developments was the course of the dollar in the exchange markets. The dollar strengthened remarkably in the fore part of the week, softened later.

The early-week rally was impressive. The dollar reached a gold valuation of 75.45¢, in terms of the French franc, the highest price since the low of 68.4¢ on July 19. The pound sterling dropped to $4.42 from a high of $4.86. The franc went to 5.19¢. These figures represented declines of 53% for the pound and 44% for the franc, from the July 19 highs.

There is no logic in the market. How sensitive and touchy it is may be seen from the fact that this rally undoubtedly was attributable to a mere news dispatch, a rumor to the effect that President Roosevelt had told persons close to him that he was opposed to currency inflation, that Administration plans for inflation had been definitely abandoned except as some future emergency might make steps necessary. The least credible of all the rumors was that Dr. Warren, new Presidential adviser on monetary affairs, had recommended postponement of inflation. Since Prof. Warren is perhaps the most prominent advocate of dollar devaluation this was a bit like saying that Bishop Cannon had come out for the return of the saloon.

Then on Wednesday, another Washington correspondent sent a dispatch asserting that inflationary steps will not be much longer delayed. Promptly the stock market bounced upward, and the dollar weakened again.

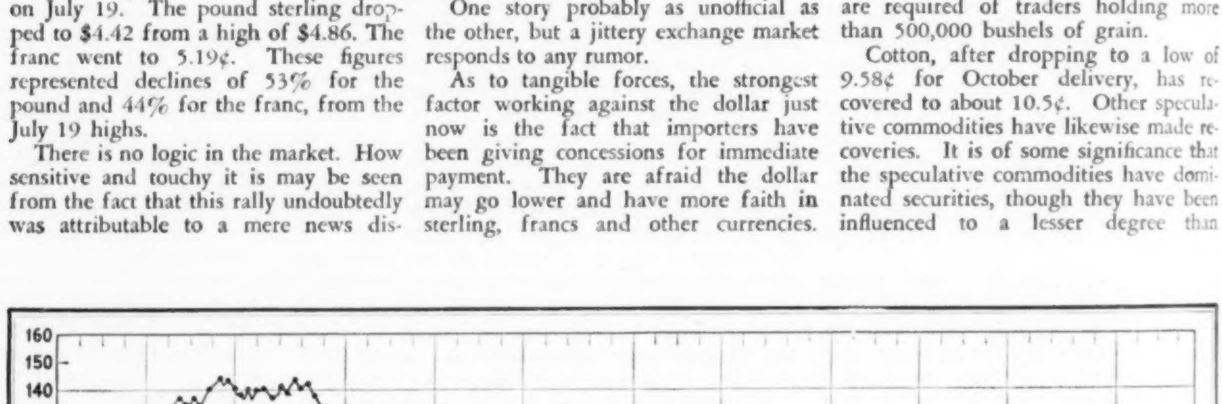
One story probably as unofficial as the other, but a jittery exchange market responds to any rumor.

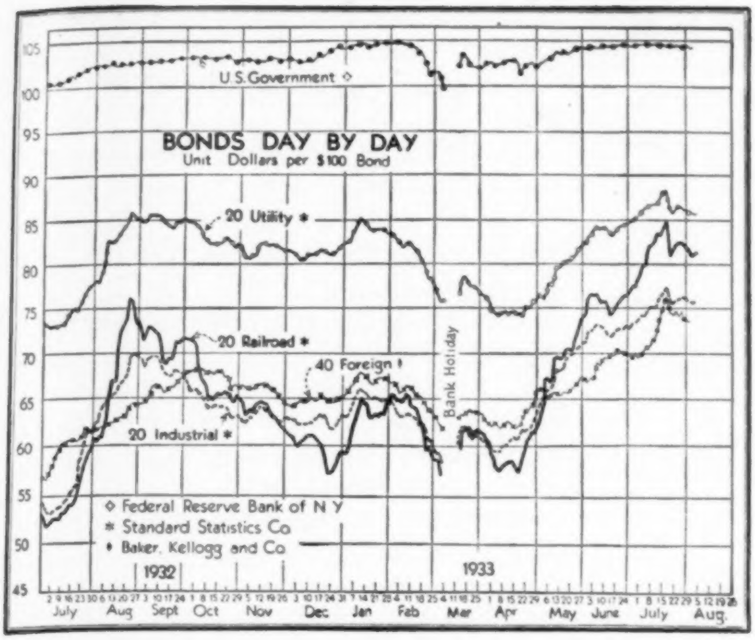
As to tangible forces, the strongest factor working against the dollar just now is the fact that importers have been giving concessions for immediate payment. They are afraid the dollar may go lower and have more faith in sterling, francs and other currencies. This, combined with the tendency of exporters not to convert payments into dollars, puts a double strain on the dollar. Since Americans sell abroad more than $100 millions worth of goods a month, even in these days of depressed exports, their feeling toward the dollar is important.

The Administration's offer to subscribe $1 billion in amounts not to exceed $50 millions to sound banks as preferred stock or to buy 10-year 5% capital notes in banks situated in states that do not permit the issue of preferred stock, is an attempt to check forced liquidation and to give borrowers of bank funds time to work out their problems. The new capital is designed to strengthen the banks, put them in better position to get back of the recovery program.

Commodities have been staging a comeback after the disastrous lows of 3 weeks ago. September wheat went to 97¢ against a low of 90¢, when the Board of Trade closed. The advance is made in spite of Secretary Wallace's delay in announcing wheat allotments. Trading on the grain exchange remains restricted, in that prices are not permitted to drop below certain average minimums, that daily fluctuations are sharply restricted, and that daily reports are required of traders holding more than 500,000 bushels of grain.

Cotton, after dropping to a low of 9.58¢ for October delivery, has recovered to about 10.5¢. Other speculative commodities have likewise made recoveries. It is of some significance that the speculative commodities have dominated securities, though they have been influenced to a lesser degree than





formerly by the value of the dollar on foreign exchanges.

Reports from banking quarters remain colorless. Federal Reserve bank purchases of securities continue at the rate of about $10 millions a week, offset partly by lesser loans. Money in circulation has again dropped $34 millions. Member bank reserve balances continue to increase.

Bonds

BONDS, which had remained surprisingly firm during the recent break, moved sidewise during the present week. The Federal Reserve banks purchased only $11 millions and therefore the strength of the bond market cannot be attributed to Reserve support. The week gave an impressive demonstration of the strength of government bonds, in the ease with which new 8-year bonds were marketed. In part, this confidence in government bonds is due to the excellent July revenue statement. Internal revenue collections other than income tax for July are estimated at $110 millions as compared with $42 millions in July last year. Railroad bonds, after making some impressive recoveries, have begun to slump off, but industrials in the main have maintained the recovered ground. Price movements in foreign bonds continue irregular.

The strength of railroad bonds is the consequence of earnings statements now coming to hand. The net operating income of Class I railroads in June was $60.5 millions against $12.6 millions in June 1932, an increase of 370%. On the basis of current prices many railroad bonds show exceptional yields.

Stocks

THE volume of trading in stocks has slackened perceptibly and in place of 7- and 8-million share days, we are now having 1- and 2-million share days, with consequent less excitement. In spite of the most cheering second-quarter earning statements out in a long time, the market remains in a chastened condition, with a tendency for stocks to move sidewise. The stock trader is keeping an eye on the commodity market and the commodity market has been recovering fairly well. On the other hand, investors are dubious of the effects of the recovery program on earnings. Wall Street is betwixt and between. The economic improvement that is likely to result from the recovery program is generally conceded, but what it will do to earnings of various corporations is quite a different story. The prevalence of strikes in silk manufacturing plants, in the coal region, and by farmers, also has some disturbing effects.

One of the curious developments is the prominent position that the commodities occupy in the evaluation of stocks. The stock market for the last two months has responded to the unprecedented rise in prices shown on the commodity exchanges, especially by such commodities as wheat and cotton. Since the recent crash the lowest limit at which wheat can be sold has been fixed at 90¢ for September delivery. This almost amounts to insurance for the "longs." As it happens, the cash position of wheat justifies present higher prices in the future markets. But the stock market has become somewhat chary of the grain market, especially since the pit has ceased to be a free and open market.

BUSINESS WEEK
The Journal of Business News and Interpretation
AUGUST 5, 1933

Again, Inflation

UNHAPPIEST of mortals these days are the ultra-conservatives. They do not like the course of events, and they are moved to protest. Entrenched, many of them, in hard-won positions of power, they can make themselves heard.

But what to say? Sincere believers in *laissez-faire*, nothing that has been done since March 4 but outrages every tenet of their faith. Specifically, two main projects are anathema—inflation, and the industrial recovery plan. Their consistent and logical course would be to denounce both. Both are unorthodox; both are direct challenges to the true conservative faith, which is that nothing should be done, ever, to interfere with "natural processes." But, as practical men, they see that pure obstruction will get nowhere. Their tactics, then, must be to yield some ground, choose the lesser of the evils.

Faced with this dilemma, they pick the industrial recovery plan as the less objectionable.

To the casual reader of newspapers and periodicals, no doubt the maneuvers are not apparent. But to the experienced journalist, it is all somewhat glaringly obvious. For example, obscure professors in not very well-known universities find themselves, to their own surprise, eagerly besought for articles to be published in the metropolitan press, damning inflation, expressing the gentle hope that the industrial recovery plan may make it unnecessary.

Our apologies to readers in the broad areas beyond the Atlantic watershed, who are happily untouched by the inky battle. This is a sectional editorial, if you like. But after all, the New York daily press is important. There is a propaganda campaign in progress, not unskilful, the tenor of which is, "We're doing very well. Roosevelt may claim the credit, although 'natural' forces were bringing about recovery without his interference. Be that as it may, recovery has set in. Obviously it is not necessary now to touch the sacred dollar. We hear the President has told people close to him lately that he has no intention to inflate the currency; that's just fine!" And so on. . . .

It is difficult to be patient with this kind of thing.

Above all, to accept such reasoning means that you must assume the President is a vacillating and tricky person, who says one thing today, and another tomorrow. In the plainest of one- and two-syllable words, the President of the United States told however many millions of folk who cared to listen on two occasions that the definite policy of this Administration was to shrink the value of the dollar to something like 1926 proportions, and then to set it permanently at that level.

It is entirely probable that the President will pick his own time for doing this. So long as dollars continue to shrink more or less naturally, why take action? But the pledged goal of this Administration is 1926 commodity price levels. Putting the whole thing on the cheapest and lowest basis, what suicidal politics to back away from that widely advertised pledge! The usual criticism of Roosevelt is that he is a "politician." All right, leave it there. The answer?

Consistent and faithful readers of *Business Week* must be a little annoyed by all this. They must recognize that this is the same old editorial. So it is, with hardly an attempt to give it a new dress. It seems, however, necessary to say it over again. (1.) All recovery (as Mr. Hoover, Ramsay MacDonald, and all the rest, agree) must be based on rising prices. (2.) "Rising prices" is a pretty phrase, but it means, in cold fact, cheaper dollars. (3.) The rise in prices so far has been based mostly on discount of the President's specific promise to cheapen the dollar—exact technique wisely not specified. (4.) The price rise will collapse eventually unless the promise is made good. (5.) There is specific promise of inflation. (6.) Non-fulfilment would be political suicide.

In short, we shall have inflation.

Published weekly by the McGraw-Hill Publishing Company, Inc. 330 West 42nd St., New York City. Tel. MEdallion 3-0700. Price 20¢. Subscription: $5.00 a year, U. S. A. and possessions. Foreign $7.50. Cable code, Mcgrawhill
Publishing Director, Jay E. Mason

Editor, Marc A. Rose — *Managing Editor*, Ralph B. Smith
News Editor, Perry Githens — *Economist*, Bernhard Ostrolenk
Marketing, O. Fred Rost — *Statistics*, R. I. Carlson
Transportation, Irvin Foos — *Typography*, F. A. Huxley
Foreign, J. F. Chapman — *Washington*, Paul Wooton, Carter Field

at's

of

ans
cil-
ing
nest
lent
ons
ons
tion
me-
t it

will
g as
ally,
this
vels.
and
way
sual
an."

ness
they
rial.
new
y it
ver,
ee)
sing
old
s so
the
dol-
4.)
the
tific
uld

Inc.
700.
ions.
whill

mith
lenk
lson
xley
Field

EEK

AUG.
1 9 3

D
D

BUSIN
INDICAT
75
70
65
60
55
50
Busin
Outlo
See pa

McG
PUB
COM

20

at's

of

ans
cil-
ing
hest
ent
ons
ons
ion
me-
t it

will
as
lly,
this
els.
and
vay
ual
n."

ess
ney
ial.
ew
it
er,
e)
ng
old
so
the
ol-
4.)
the
ific
uld

Inc.
700.
ons.
hill

nith
enk
son
tley
eld

EK

AUG. 12
1933

BUSINESS WEEK

BUSINESS INDICATOR

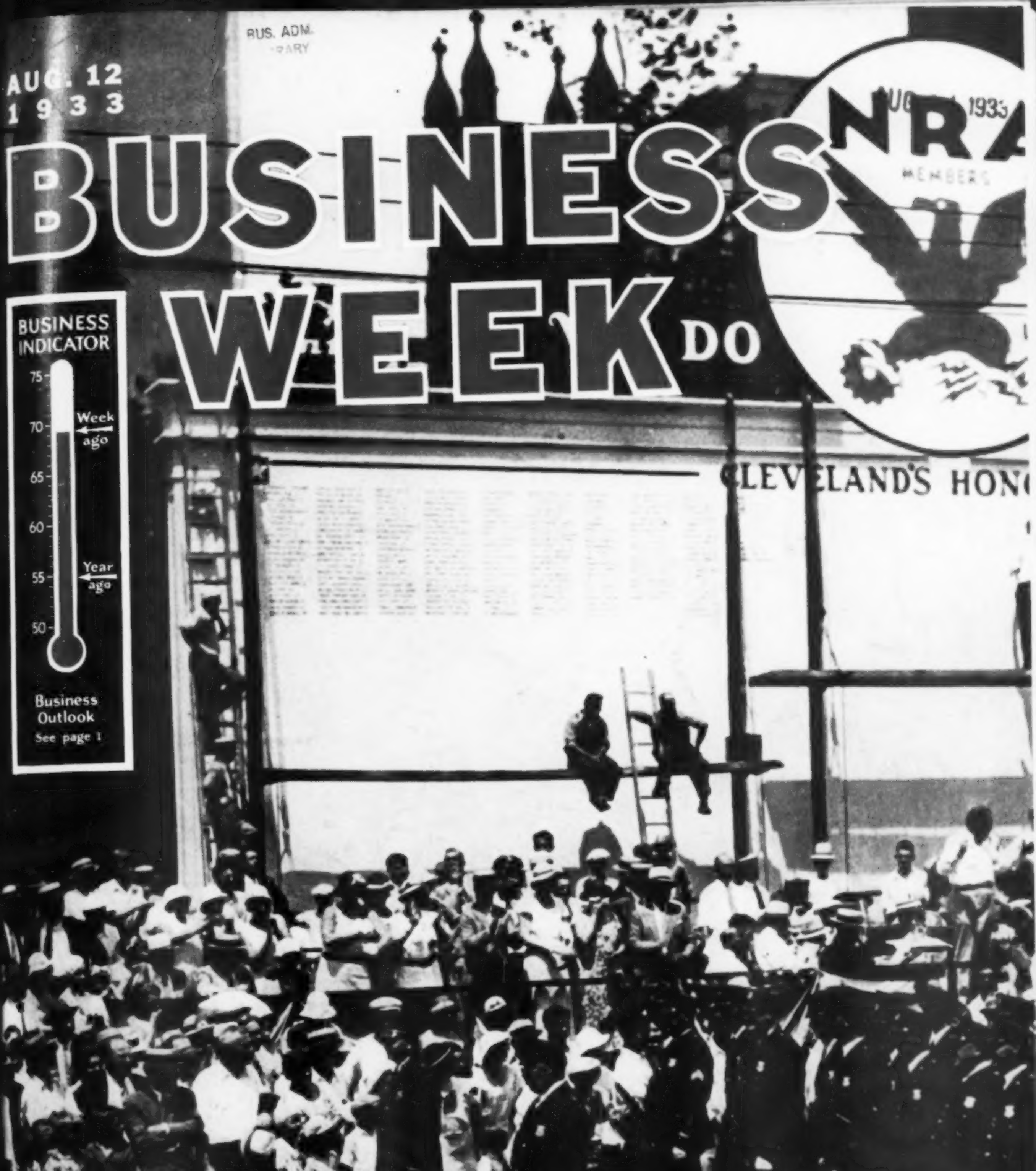
75 – 70 – 65 – 60 – 55 – 50

Week ago

Year ago

Business Outlook

See page 1



Wide World

JOINING UP — Business enlists in the "National Recovery Army" with all the war-time pageantry.

McGRAW-HILL
PUBLISHING
COMPANY, INC.

20 CENTS

THE BUSINESS WEEK (with which is combined The Magazine of Business) August 12, 1933, No. 206. Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd Street, New York, N. Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; B. R. Putnam, Secretary. $5.00 per year, in U.S.A. and possessions; $7.50 per year in all foreign countries. 20c per copy. Entered as second-class matter February 15, 1930, at the Post Office at New York, N. Y., under the act of March 3, 1879. Printed in U.S.A.

Printed by The Schweinler Press, N. Y.

a new

NRA
MEMBER
U.S.
WE DO OUR PART

MEMORANDUM: *With the dramatic appearance of the National Industrial Recovery Act, Chiselers and Price-Cutters are in full flight. A new yard-stick for industrial buying has been created. If you are in sympathy with our interpretation of the job ahead, perhaps you will want to route this definition to some of your key departments.*

LIKE a strong man suddenly aroused from a hideous nightmare, still rubbing his eyes in the half-light of a new day, American Industry greets the dawn of economic recovery. Spectres of the night vanish like mist before the sun, as hope quickens and principles are resolved into action.

Both chiseler and price-cutter are doomed to exile. The workman, worthy of his hire, goes back to his task. Wages rise and consumer purchasing power lifts its head again. Selling below cost is outlawed. Competition is restored at last to the honest plane of quality and service—competition that becomes in truth once more "the life of trade." And a new yardstick for industrial buying is measured out.

Here at Goodrich we believe that the discerning buyer under "the New Deal"—now free from the compulsions of a price-market—will apply that yardstick with judicious care; that each product passing in review must rate according to those factors which really typify value and service.

they were not paid to "watch" cars while patriots were at their devotions. Prompt police action wrecked the racket which had become almost a tradition among neighborhood tots.

New Hampshire has become especially progressive. J. Leslie Kincaid, hotel chain man, says girls have been posted at confusing crossroads to direct travelers.

Tarheel Sales Tax

Passed as emergency measure, fought by merchants, opposition is subsiding and a long life is forecast.

NORTH CAROLINA'S 3% sales tax that went into effect July 1 will evidently stick for at least 2 years, the only opposition to its enforcement having collapsed when the state merchants' association decided last week that a court fight would take so long that the merchants had better wait and back for the 1935 legislature candidates opposing the measure. That is a long way off.

The sales tax was adopted by the last legislature as an emergency method of taking care of a deficit that the state had been piling up for several years. Demands for reduction in land taxes by the counties and municipalities had increased (there is no state tax on land in North Carolina). To meet these demands, maintenance and construction of all roads outside of incorporated places had previously been taken over and financed by the state, which also has assumed the entire school burden.

These added expenses and the climbing deficit made a sales tax the only apparent method of getting the money. No one in the state administration favored the idea. The merchants of the state fought it to the ropes and went down fighting.

Meanwhile, the tax is being received with practically no opposition from the consumer who buys at retail everything except a few staple articles of food. The flurry largely stirred up by the merchants the first few days the tax became effective has petered out. Just how sincere their opposition is since the act was amended to require the tax to be passed on to the consumer remains to be seen. Between now and the next election collection of from $10 millions to $12 millions a year from a new tax source will be hard to substitute.

From the day the sales tax was passed the state's credit standing has improved fast. With the apparent certainty that the budget will safely be balanced, including heavy retirement of bonds, further advance in North Carolina's already good credit rating is to be expected. Two years ought to give the merchants plenty of time to cool off.

"Wire For Reservations"

With the aid of the upturn, some rate cuts and a few new selling ideas, the hotels are beginning to fill those long-vacant rooms.

THE hotel industry, claimant of the melancholy distinction of being harder hit than any, is shedding its hair shirt to don raiment and looks in better keeping with its cheerful service as the national publican. Business has improved, prospects are still better. Chicago hostelries which a few months back echoed to the hollow footfalls of receivers, now are cheerful with the clatter of arriving guests, the tinkle of ice, the gurgle of ginger ale. The Exposition has done wonders. Hotels are full. Reservations are difficult. New England resorts report excellent business. In other sections beer has helped some, general improvement a good deal more.

Verily they have come up through great tribulations. Prohibition was a direct wallop to profits. Followed the New Era in which carefree speculators threw up hotels (with a Hey nonny, nonny!) as long as there were suckers for the bond flotations. After the collapse, banks and other receivers led in the mining and countermining of direct price cuts and secret concessions.

Comfort comes from Postmaster-General James A. Farley. His benediction in the new edition of the Hotel Red Book says that "no other industry of similar scope and importance has been called upon to bear a more burdensome load," suggests that sale of alcoholic beverages, when and if made legal, be placed in the hands of hotel men. Commenting thereon, Thomas D. Green, president of the American Hotel Association, observes that this industry "has been the one grand goat in this experiment, noble or otherwise." He devoutly hopes that Mr. Farley's suggestion will be followed.

Hotel Indicator

The association publishes the Red Book whose annual appearance is a perfect indicator of the year's trends. The 1933 edition went to press just as inflation was beginning; there was a last-minute rush for ad reservations which left tail-enders out of the displays. An analysis of the issue by Emerson D. Owen, Red Book editor, gives a cross-section of conditions. It shows that:

(1) Listings total 18,919 hotels of 25 or more rooms in the United States and Canada. This is 171 more than in the 1932 edition.

(2) Only 15 all-year hotels have closed their doors. Mortality of resort hotels is somewhat greater.

(3) Most of the changes, involving about half of this country's 16,082 hotels, were rate reductions. These usually were cuts of 50¢ daily on all classes of rooms.

(4) There was a wide regrouping of hotel chains. Some chains have perished, while 10 new ones appeared last year. Largest in number is American Hotel Corp. with 45 units.

Most entertaining are sales schemes used to lure new business. For the first time dude ranches are listed in the Red Book. One advertises itself as a "Smart Divorce Resort." Free garage space is widely used to attract gasoline travelers. The Roosevelt Hotel, Pittsburgh, advertises "visual purchasing"—in the lobby are photographs of the different types of rooms, enabling guests to pick without wandering over the building. In San Francisco the Chancellor Hotel has instituted a one-price policy, the rate varying only with the number of occupants. A Western inn boasts a private zoo to amuse nature lovers. Another in West Virginia even invites chair warmers with a description of its lobby as "an ideal lounging-place."

The success of the Chicago fair is drawing most of the summer conventions. During a single week in June 47 organizations held meetings there. This has helped keep downtown hotels full. Rooming houses and transit lines are profiting on motorized tourists who can't afford Loop prices. New York business feels the Chicago competition. The usual hot-weather rates are in effect to bolster an ancient illusion that the metropolis is the "world's greatest summer resort." Good second-line hotels are going after business with club rates as low as $2.50 a day per person for 2 in a room, meals and private baths included. There has been an extension in New York and other cities of the Plymouth Hotel experiment in "inclusive tours." A typical one gives the visitor 2 nights and 3 days with meals, 1 dinner at a night club, 1 sightseeing tour—all for $10.

Pilgrim Business Better

New England is claiming the best tourist business since 1929. Through advertising and better service for tourists the district is finally taking advantage of its unique advantages. In Boston, tourists to Bunker Hill complained that hoodlum kiddies knifed tires if

Keystone

SIT-DOWN STORE—In the new Rotaserve Grocery, Los Angeles, customers neither stand at a counter nor walk around the shelves. Instead, the shelves move past the seated customers, who can see everything in stock in a few minutes, and pick what they want from the moving shelves. At one end, the conveyor passes through the stockroom where replenishments are made.

The SOUTH PREFERS INTERNATIONALS

DR. PEPPER COMPANY

drink a bite to eat Dr Pepper *at 10, 2 and 4 o'clock*

GENERAL OFFICES 429 SECOND AVE.
DALLAS, TEXAS

December 2, 1932

International Harvester Company,
Dallas, Texas

Gentlemen:

We purchased our first International trucks in 1927. Since that time we have been replacing our heavy-duty trucks with Internationals.

Your dependable service and our own cost records were the determining factors in our turning to International trucks. Delivery cost per case of Dr. Pepper is now the lowest in our history.

Many of our International trucks have run over 100,000 miles without replacements of engine parts.

Yours very truly,
DR. PEPPER COMPANY

THE South has pride of Past and a great will to build a greater Future. From Tidewater Virginia southward to the Gulf and southwestward to the Mississippi and beyond, the record of the South is best told as a blend of glamour and achievement. Its story is made against a background of quality and distinction.

Peopled with the descendants of the pioneers, alert with modern ambition, the states of the South are going forward with a new national deal that has recognized their especial potentialities. Great resources are at their command. Industry, commerce, and agriculture, a noble history and a strategic setting in key with the times, all are working together to build a land of new fortune in Dixie. The South takes its place in the present march of the nation to prosperity.

International Trucks, made by a corporation whose antecedents go back over a century to Virginia and the year 1831, stand high in the esteem of the South. Tens of thousands of Internationals haul an incalculable tonnage over southern highways.

Below the Mason and Dixon Line International Harvester maintains Company-owned service at 57 points — the largest Company-owned truck service organization in the South. The American Bakeries Company, the Dr. Pepper Company and Dr. Pepper Bottlers, and the Atlantic Ice and Coal Company are representative institutions whose activities cover the South. Each of these companies uses hundreds of trucks, and each one, from officers to drivers, is outspoken in its praise of International Trucks and Service.

We recommend Internationals to you on the basis of the complete satisfaction they are rendering a legion of owners *everywhere.* International sizes range from ½-ton to 7½-ton. Chassis prices $360 up, f.o.b. factory. Ask any International branch or dealer for a demonstration.

INTERNATIONAL HARVESTER COMPANY OF AMERICA (INCORPORATED)
606 S. Michigan Ave. Chicago, Ill.

INTERNATIONAL TRUCKS

International News

JOBS AMONG THE JOBMAKERS—Hopeful applicants in the corridors of the Commerce Building would like to see the NRA join the NRA, make more jobs for white collar workers. But there is no code for the code-makers; the General's staff works hours he would not countenance in any industry.

stories and the best speakeasies, who had more ways of getting into homes than a Fuller Brush man, who could charm a sparrow off a limb or a block of A.T.&T. out of a lock-box.

Cramping Their Style

Students still have time to study such specimens, since the rules are only applicable to new employees. But all (say the powers) must completely revamp their mode of life. Payment for entertaining customers is prohibited. Soliciting accounts and offering securities in the prospect's home also is taboo. Customers' men can't even communicate with their margin clients at home without "express permission in writing." Such employees cannot be hired without permission of the Exchange's Committee on Quotations and Commissions. Employment must be for at least 6 months, minimum salaries must be observed. Employment as clerks because of business brought to the office is forbidden. Traveling solicitors of commission business will not be approved.

Formerly margins of 25% of the total cost were generally acceptable. The Exchange's only rule was "adequate margin." Now 50% is required for the small-timer with a debit balance of $5,000 or less; 30% is the minimum for balances above that figure. (This also protects the solvency of member houses by eliminating the temptation to spread margins dangerously thin.) Additional margin requirements are imposed on short positions, on securities selling at very low prices, on those not having an active market.

When Richard Whitney, the astute president of the Exchange, testified before a Senate investigating committee in the spring of 1932, his unfamiliarity with pool activities caused considerable irritation. He has evidently been digging into the question of manipulated price since then. Now detailed reports must be made of "all pools, syndicates, and joint accounts" including lists of securities and names of participants, whether the purpose is trading or what.

The Glass-Steagall Banking Act prohibits Federal Reserve member banks from paying interest on demand deposits, or making loans for the account of others. This is designed to prevent the attraction of corporate and other funds into the call market where it was one of the prime reasons in promoting the 1929 monstrosity. The Exchange puts itself in line with the new legislation by restricting the right of members to pay interest on credit balances and prohibiting the lending of money for the account of non-banking institutions or individuals.

How effectively can these rules be enforced?

Brokers already are moaning that the restrictions have taken the life out of a market that promised to go places and do things. Total sales last Monday were 765,000 shares—this following a period when 5-million and 6-million days were common. Virtue may be its own reward, but it pays for no German-built yachts. If this sort of thing keeps up, brokers won't need tear gas to make them weep into the gutters.

Freight Rates O.K.

I.C.C. rules that the traffic left by the trucks must pay present rates to keep the railroads going.

REFUSAL by the I.C.C. to accept evidence of a tumbling price structure as warranting reduction in freight rates was expected. The plea made last January by lumber, coal, and farm organizations (*BW—Feb1'33*) no longer is in tune with the times. But, entirely apart from the fact that it was the obvious reaction to a new and better state of affairs, the decision is significant.

Old Theories Don't Work

To put it baldly, the commission simply said that what freight is left to the railroads must pay the bill to keep the railroads going. With trucks taking the cream of the traffic, the old theory of fixing rates with reference to the value of the lading doesn't work.

The commission sprinkles its opinion with a little sugar by stating that when the prices of any particular commodities have stabilized on a lower level than that of commodities in general, something may be done about it.

But even though the freight rate level as a whole is still higher than the climbing commodity price level, the commission insists that "the preservation of an adequate transportation machine is more important to the country than lowered freight rates. . . . Such service cannot be maintained if we require reductions on traffic that is not subject to competition."

The commission doesn't suggest a truce with the trucks although there is a demand in that quarter that the railroads line up with NRA. The general process of rate revision to meet the competition of other forms of transportation must, said the commission, continue without abatement.

"Wound Stripe"

In a sense the decision cites the railroads for a "wound stripe," exempting them from any moral obligation under a covenant to which there is no legal commitment. No industry is more thoroughly coded than the railroads, and Donald Richberg, NRA counsel and brotherhood attorney, doesn't intend to let NRA monkey with the railroads' contracts with their employees.

Joseph B. Eastman, Railroad Coordinator, has urged the railroads to spend every available dollar in putting men back to work even to the extent of sacrificing temporarily further economies in operation. He points to deferred maintenance on which more money can be spent consistent with economy. Eastman has also suggested to Secretary Ickes, Public Works Administrator, that grade crossing elimination be promoted from the foot of the list of priorities in alloting the $400-million road fund.

Wall Street Housecleaning

To keep the legislators out of its hair, the Stock Exchange pushes out the shoestring customer and the customers' man, speeds up changes begun before slump.

SOON after the New York Stock Exchange adopted rules so revolutionary that members gasped, there was an epidemic of gasping from quite a different cause. Some iconoclast polluted the trading floor's fresh air with tear gas, driving 2,000 persons to the street where they coughed, wiped streaming eyes and talked bitterly of radicals. The country got a laugh from the incident but there was nothing funny about the gas attack to the Exchange management. Since millions of citizens waxed indignant over losing bets on stocks, Wall Street has become sensitive to any and all demonstrations of animosity.

Reforms in trading adopted by the Exchange are frankly honest efforts to clean up practices which fed the ire of the public and its officials. Shoestring operators, who squeal loudest when caught, are barred by a drastic increase in margin requirements, the nuisance of high-pressure and low-cost customers' men is curbed, pool and syndicate operators must disclose their intentions, the spraying of promiscuous call money into security trading is curtailed.

These moves spotlight major problems of the Exchange. A minor irritant is possibility of a new state tax. The genial tribe of Tammany, which has long used New York City as a happy hunting ground, was forced to ask for a special legislative session which would allow it to assess new taxes. The roving eye of the harried sachems lit on Wall Street as a victim whose cries would be generally enjoyed. A heavy stock-transfer tax was suggested. Wall Street's retort was characteristic. Unofficially it revived an old threat—that of moving the Stock Exchange out of the state. (Once there was even talk of flight to Montreal.)

Brokers grinned as the rumor-distributors passed the word along. They chuckled outright when the states of New Jersey and Delaware took the report seriously and offered the Exchange sanctuary. However, the sagacious gentlemen who run the Exchange want no argument with constituted authority. Its little brother, the Curb Exchange, recently announced reforms resulting from an investigation by the state's attorney-general (*BW—Jul29'33*). A similar expedition against the Big Board is possible. The truly terrifying prospect is federal control under laws enacted by a Congress that is still plenty mad over the goings-on of 1929. Hopping over state lines would be no escape from this.

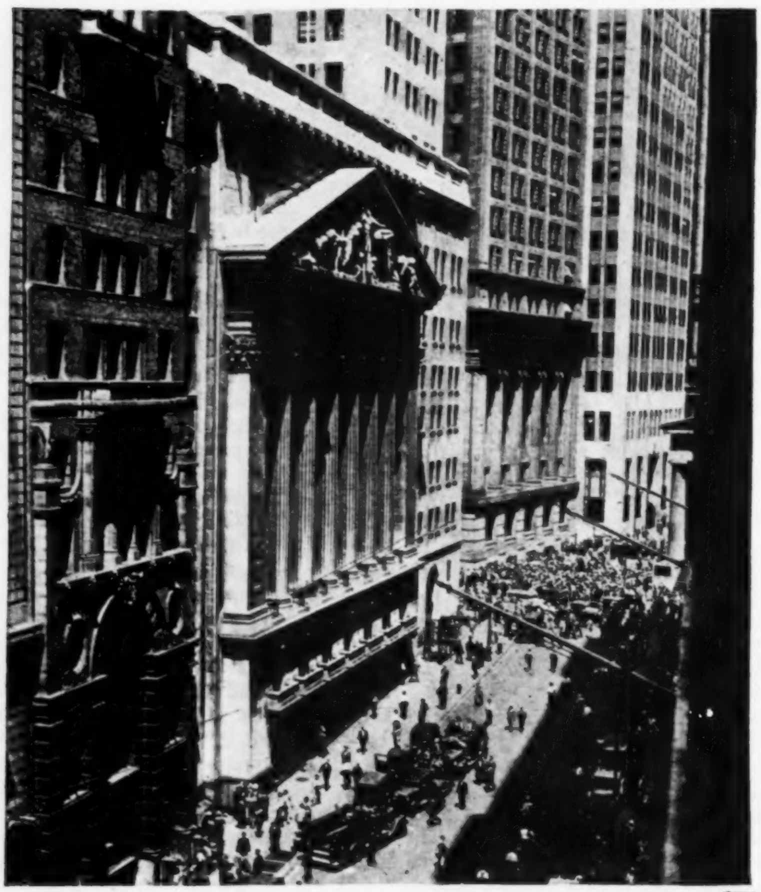
Fair Warning

In a campaign speech President Roosevelt declared that the Stock Exchange must be brought under federal regulation. He has shown an embarrassing tenacity to pledges. The next Congress will have time to act on control of stock and commodity exchanges. Recent high-jinks strengthened the view, already strongly held in Washington, that such legislation would be pressed. By then the Senate Currency and Banking Committee should have digested its investigations. No one will be surprised if its report recommends federal control. (It is doubtful whether speculation could now be restrained under NIRA, even if the licensing power were invoked. The act covers trades, industries, and subdivisions thereof; the Exchange is an association of free agents.)

As a voluntary organization, the Exchange has almost unlimited power over its members. It is employing this power in an attempt to clean up objectionable practices before the cleaning can be done by anyone on the outside. It would be ridiculous to imagine that the federal threat did not hurry these reforms and make them more biting, but the Exchange was fighting its own abuses even before the slump.

Exit the Juvenile

Anthropologists will be interested in the new rules which are expected to abolish that picturesque play-boy, the old type of customers' man. One variation was the engaging princeling who got a job in a broker's office because that was the price for obtaining the trading account of a rich dad, a doting aunt, a high-flying college chum. He didn't have to know the security markets, he had to know the right people. Office routine was not for him. He was often to be found on the carpet, in a tense circle of colleagues, calling fervently for the rollicking dice to give him a seven. Another manifestation was the go-getter with pep and personality no end, who knew the funniest



Acme

CLOSED FOR A GOOD CRY—Riot squads hold back the curious, police "trouble trucks" park before its doors, as the Stock Exchange adjourns to the curb following a lamb raid on Tear Gas, common, and Handkerchiefs, preferred.

Nurseries & Greenhouses (Reserve)
Oil Drilling Contractor (Muir)
Opticians (Whiteside)
Organs (Reserve)
Painters' Supplies (Kemp)
Paper Mfrs'. Supplies (Kemp)
Pens, Fountain Pens & Pencils (Reserve)
Pets & Pet Supplies (Reserve)
Photographic Apparatus & Supplies (Paddock)
Photographers (Whiteside)
Pipes (Tobacco) (Reserve)
Printers' Supplies (Kemp)
Religious & Church Goods (Reserve)
Restaurant & Hotel Supplies (Kemp)
Shoe Manufacturers' Supplies (Kemp)
Shoe Store Supplies (Kemp)
Sporting Goods, except Guns (Reserve)
Tanners' Supplies (Kemp)
Theatrical Scenery & Stage Equipment (Kemp)
Toys (not including Wheel Toys, Sleds & Playground Equipment) (Paddock)
Umbrellas, Parasols & Canes (Reserve)
Undertakers' Supplies (Kemp)
Works of Art and Oil Painting (Reserve)
Building Management (Muir)
Office Supplies, not otherwise classified (Kemp)
Novelties not otherwise classified (Reserve)
Tire Shops (coordinate with rubber) (Whiteside)
Filling Stations (coordinate with Simpson in charge of petroleum) (Whiteside)

Miscellaneous, Commercial and Professional

Accountants (Public) & Appraisers (Whiteside)
Advertising (coordinate with Kemp in charge of Magazines & Newspapers) (Whiteside)
Amusements, not otherwise classified (Rosenblatt)
Circus (Rosenblatt)
Burlesque (Rosenblatt)
Vaudeville (Rosenblatt)
Carnivals (Rosenblatt)
Architects (Muir)
Auctioneer (Whiteside)
Auto Laundry (Whiteside)
Banks, Banking & Trust Companies (Whiteside)
Beauty Parlors (Whiteside)
Bonding Companies (Whiteside)
Stocks & Bonds (Whiteside)
Bowling, Billiards, Pool & Skee Ball (Whiteside)
Building & Loan Associations (Whiteside)
Business & Industrial Specialists (Whiteside)
Cleaners & Dyers (Whiteside)
Cold Storage & Warehouse (Whiteside)
Costume Renting (Whiteside)
Educational Institutions (Whiteside)
Employment Agencies & Labor Contractors (Whiteside)
Engineers and Surveyors (Muir)
Exterminating (Whiteside)
Finance Companies (Whiteside)
Fashion Shows (Whiteside)
Fur-Bearing Animals, Raisers of (Reserve)
Garage (Whiteside)
Grain Elevators (Whiteside)
Hotels (Muir)
Hospitals (Whiteside)
Insurance Cos. (Fire, Accident & Indemnity) (Whiteside)
Insurance Cos. (Life) (Whiteside)
Insurance & Real Estate Agents (Whiteside)
Interior Decorators & Furnishers (Whiteside)
Laboratory (Whiteside)
Laundry (Whiteside)
Lawyers (Whiteside)
Musical Society (Reserve)
Pawnshop (Whiteside)
Physicians (Whiteside)
Premium Service (Whiteside)
Public Utility Companies (except Transportation which is being handled by Muir—with whom coordinate) (Cates)
Broadcasting (Performers) (Rosenblatt)
Authors (Rosenblatt)
Opera (Rosenblatt)
Motion Pictures (Rosenblatt)
Real Estate (Whiteside)
Salvage & Lighterage (Whiteside)
Shipping Agents (Whiteside)
Tourist Companies (Whiteside)
Stevedores (Whiteside)
Theatres & Legitimate Stage (Rosenblatt)
Undertakers (Whiteside)
Window Cleaning (Whiteside)

Blanket Catechism II

Q. What can I do under the President's Reemployment Agreement (PRA) about my contract with a union? A. The ruling says: "Where an employer is bound by the terms of a contract with a labor organization, entered into as the result of bona fide collective bargaining, and he is unable to effect a change in such contract by agreement, he may certify his compliance with the PRA with the following exception: 'except as required to comply with the terms of agreement in effect between the undersigned and (name of labor organization).' . . . It should be understood that his (the employer's) exception can be made only in the case of a contract not subject to change at the discretion of the employer and then only after a certified copy of the contract has been filed with the NRA and its approval has been given to the exception stated."

Q. If I do not have a contract with a labor union, how am I to adjust the difficulty arising out of the enforced reduction of hours? A. The ruling apparently places the employer of non-union labor at a disadvantage, as compared with the employer under a union contract: "Par. 7 of PRA prevents the reduction of compensation in excess of the minimum, whether it is paid by the hour, day, week, or month. Therefore, an employee previously paid by the day, week, or month will receive as much for the shorter day, week, or month. An employee previously paid by the hour will receive as much per hour, but as shortening of his hours will reduce his actual earnings per day or week, his compensation per hour is to be increased by an equitable adjustment. There is no fixed rule which can be applied to determine what is an equitable readjustment. In general, it will be equitable to figure what an employee would have earned at his previous rate per hour in a normal week in the industry, and then to increase the hourly rate so as to give him substantially the same compensation as he would have gotten for that normal week. But consideration must be given to factors including: Is the existing rate high or low compared with the average rate paid in the industry? Will the resulting adjustment result in an unfair competitive advantage to other employers or other trades or industries?"

Q. What do I do in case my industry has filed a code? A. If a specific code has been submitted by your industry and its wage and hour provisions accepted by a Deputy Administrator, sign the Certificate of Compliance with this endorsement: "To the extent of NRA consent as announced, we have complied with the President's Agreement by conforming with the substituted provisions of the Code submitted for the ——— Trade."

Q. How do I proceed to obtain the Blue Eagle through a petition for relief? A. If PRA provisions are mostly impossible, prepare a petition to the NRA asking for a stay or postponement of those provisions which would produce an "unavoidable hardship"; submit this petition to the trade association of your industry, or if none, to your local Chamber of Commerce, or such other commercial organization as can properly vouch for the facts; if officially accepted by one of the above, add the following to the face of your Certificate: "Except for those interim provisions regarding wages and hours which have been approved by the ——— Trade Association." This procedure may take some time and is, of course, subject to reversal when your petition is reviewed by the NRA.

Q. What was meant by the statement of General Johnson in his Cleveland speech of Aug. 6 that the Blue Eagle given to those who could not comply fully with PRA would have a white bar across it showing the points with which he did not comply, and the further statement that it would take two weeks "to attend to all this"? Does that mean that firms may sign now and not touch wages until Aug. 21? A. This statement was made solely to forestall public boycott of firms needing modifications and on account of the unavoidable delays due to the tremendous number of requests for modifications. The PRA should be signed and sent in with the petition for relief as noted above.

Q. How much power has a trade association or a chamber of commerce to grant relief? A. None, except that the petition for relief to be sent to NRA has to be certified by a trade or commercial organization. They cannot exact membership for such service or limit it to members, and efforts to do so should be reported. No trade association has authority to issue such a certificate to its trade collectively for a common "unavoidable hardship" except in those cases where the custom and procedure of the industry is well established and the exemption of the whole industry will not frustrate the spirit and intent of PRA and does comply with the proposed code of the association, and in those cases the certification must be of the individual petitions.

Boots & Shoes, Men's & Women's (Williams)
Boots & Shoes, Men's (Williams)
Boots & Shoes, Women's & Children's (Williams)
Brief Cases, Traveling Bags, Luggage (Williams)
Chamois & Sponges (Reserve)
Embosser of Leather (Williams)
Findings (Leather & Shoe) (Williams)
Furs (dressed) (Williams)
Fur Garments (Howard & Rogers)
Gloves (Leather) & Trimmings (Howard & Rogers)
Handbags, Purses & Pocketbooks (Howard & Rogers)
Harness, Saddlery (Williams)
Hatters' Furs & Supplies (see Felt) (Howard & Rogers)
Hides, Skins & Raw Furs (Williams)
Leather, except Manufacturers (Williams)
Leather Belting (Williams)
Leather Garments (Howard & Rogers)
Leather Novelties & Specialties (Howard & Rogers)
Leather Shoe Patterns (Williams)
Leather Slippers, Sandals & Moccasins (Williams)
Leather Soles & Heels (Williams)
Leather Trimming & Remnants (Williams)
Plastic Leather (Williams)
Shoe Ornaments & Novelties (Williams)
Shoe Repairs (Whiteside)
Shoe Shanks (Williams)
Tanners & Manufacturers of Leather (Williams)
Shoe Uppers (Williams)
Reptile Leather & Skins (Williams)
Trunks & Suitcases (Williams)
Welting (Williams)
Leather Goods (not otherwise classified) (Williams)

Stone, Clay, and Glass Products

Abrasive Paper & Cloth (Muir)
Asbestos & Asbestos Products (Muir)
Asphalt & Products (Muir)
Bakelite Products & Plastics (Williams)
Beads (Paddock)
Bottles (Muir)
Brick (Muir)
Bulbs (incandescent) (Allen)
Buttons, Combs & Hairpins (Ivory, Shell & Bone) (Paddock)
Cement (Muir)
Cement Products (Muir)
China (Paddock)
Clay & Clay Products (Muir)
Concrete Products (Muir)
Contracting Mason (Muir)
Crockery & Pottery (Paddock)
Diamonds & Precious Stones (Paddock)
Enamelware (Paddock)
Fire Brick (Muir)
Floor Composition (stone, clay, tile, etc.) (Muir)
Glass, including Plate & Window (Muir)
Glassware & Cut Glass (Paddock)
Granite, Marble & Slate (Muir)
Gypsum Products & Plaster Casts (Muir)
Imitations of Precious Stones (Paddock)
Lime (Muir)
Mason Materials (not otherwise classified) (Muir)
Millwright (Muir)
Mirrors (Paddock)
Monuments & Mausoleums (Paddock)
Optical Goods (Paddock)
Plastering Contractors (Muir)
Porcelain Products, except Plumbing Supplies (Paddock)
Pottery (Allen)
Refractory Materials (Muir)
Road & Sewer Contractors (Muir)
Roofing Materials, except Wood and Metal (Muir)
Sand & Gravel and Mineral Aggregates (Muir)
Sand & Gravel Contractor (Muir)
Stone, not otherwise classified (Muir)
Limestone (Muir)
Stoneware (Paddock)
Industrial Stoneware (Muir)
Terra Cotta (Muir)
Tile (Muir)
Tile Contractor (Muir)

Iron and Steel and Their Products, Not Including Machinery

Service Blacksmiths (Muir)
Blast Furnaces (Simpson)
Boilers & Furnaces (Muir)
Bolts, Screws and Nuts (King)
Bridge Contractors (Muir)
Castings, Iron & Steel (Simpson)
Chains (iron) (King)
Cutlery (including razors) (King)
Guns and Firearms (King)
Forgings (Simpson)
Foundries (Simpson)
Foundry Supplies (King)
Gate Posts, Fences (Simpson)
Hardware (King)
Incinerators (Muir)
Iron & Steel (Simpson)
Iron Ore (Simpson)
Iron & Steel Products, not otherwise classified (Simpson)
Kitchen Utensils (King)
Metal Fence Contractor (Muir)
Metal Furniture (Allen)
Metal Novelties & Specialties (King)
Metal Partitions & Window Frames (Muir)
Metal Stamping (King)
Oil Burners (coordinate—Muir) (Paddock)
Mill Supplies (King)
Ornamental Iron & Steel (Simpson)
Pipe and Pipe Fittings (King)
Plumbing & Heating Supplies (Muir)
Plumbing & Heating Contractor (Muir)
Radiators (Muir)
Rolling Mills (Simpson)
Safes (Allen)
Scrap Metal (Simpson)
Sheet Metal (Simpson)
Ash Cans & Metal Boxes (King)
Steel Barrels (King)
Steel Cabinets & Office Fixtures (Allen)
Steel & Iron Contractor (Muir)
Steel Doors & Shutters (Muir)
Steel Tubing (Simpson)
Stoves & Ranges (Allen)
Structural Iron & Steel (Simpson)
Surgical & Dental Instruments (Paddock)
Tanks (steel) (King)
Tinsmith (Muir)
Tinsmith Supplies (King)
Tin Cans and Tools (King)
Tin Ware (King)
Tools (King)
Welding (Muir)
Wire Goods (Simpson)
Wire (Simpson)
Wire Screens (Simpson)
Wire Springs (Simpson)

Nonferrous Metals and Their Products

Alloys (Simpson)
Aluminum Castings (Kemp)
Bronze and Brass Castings (Simpson)
Aluminum Products not otherwise classified (Kemp)
Aluminum Ware (Kemp)
Brass Products (Simpson)
Bronze Products (Simpson)
Bronze Powder (Williams)
Clocks & Watches (Paddock)
Copper Mining & Refining (Simpson)
Copper Products (Simpson)
Electrical Contractor (Muir)
Electric Lighting Fixtures (Allen)
Electroplating (King)
Gas Lighting Fixtures (Allen)
Jewelry (Paddock)
Lamps (Allen)
Incandescent Bulbs (Allen)
Lead (Simpson)
Metals, Nonferrous (not otherwise classified, including Lead, Zinc and Tin) (Simpson)
Metals, Precious (Paddock)
Paper Fasteners and Clips (King)
Plated Silverware (Paddock)
Roofing Material, Metal (Muir)
Silverware (Paddock)
Watch Cases (Paddock)
Zinc (Simpson)

Machinery, Not Including Transportation Equipment

Adding Machines & Calculators, Cash Registers & Typewriters (Kemp)
Addressing, Mimeographing & Mailing & Folding Machines (Kemp)
Agricultural Implements & Machinery (Muir)
Air Filters, Compressors & Ventilators (Muir)
Automotive Shop Equipment (Muir)
Cranes (Muir)
Creamery, Cheese & Butter Factory Equipment (Muir)
Electrical Apparatus & Supplies, except Household Appliances (Allen)
Electrical Household Appliances (Allen)
Electric & Neon Signs (Allen)
Elevator Cars & Gates (Muir)
Engines & Turbines (Muir)
Factory Supplies & Equipment, not otherwise classified (Muir)
Fire Extinguishers & Appliances (Kemp)
Garage Equipment (Muir)
Hand Trucks & Scales (Muir)
Incubators (Kemp)
Machine Supplies (Muir)
Machinist & Machine Shops (Muir)
Meters (Allen)
Mining Machinery (Muir)
Motion Picture Machinery (Kemp)
Oil Well Machinery & Supplies (Muir)
Pile Driving Contractor (Muir)
Printing Machinery (Muir)
Pumps (Muir)
Radio Parts & Supplies (Coordinate—Whiteside) (Allen)
Refrigerators & Refrigerating Apparatus (Kemp)
Road Machinery (Muir)
Scientific Instruments (Paddock)
Soda Fountain Apparatus (Kemp)
Telephone Supplies & Instruments (Allen)
Textile Machinery (Muir)
Vending Machines (Whiteside)
Valves & Gauges (Muir)
Machinery, not otherwise classified (Muir)
Industrial Recording Instruments (Paddock)

Transportation Equipment, Air, Land, and Water

Airplanes & Airplane Parts (Muir)
Automobile Repair (Lea)
Automobiles (Lea)
Automobile Accessories & Parts (Lea)
Automobile Bus & Truck Bodies (Lea)
Batteries (Lea)
Bicycles & Bicycle Parts (Kemp)
Boat & Shipbuilders (Whiteside)
Buses (Lea)
Carriages, Wagons, Sleighs & Parts (Kemp)
Hauling, Trucking, Forwarding, Bus, Taxi & Street Car Transportation (Muir)
Motorcycles & Parts (Kemp)
Railroad Contractor (Muir)
Railroad Supplies and Equipment (Kemp)
Rent-a-Car System (Muir)
Ship Supplies (Whiteside)
Steamship Company (Whiteside)
Taxicabs (Lea)
Tractors (Lea)
Trailers (Lea)
Trucks, Auto (Lea)
Wheel Toys (Children's), Sleds & Playground Equipment (Kemp)

Miscellaneous Industries

Antiques (Whiteside)
Artificial Limbs (Reserve)
Artificial & Preserved Flowers & Feathers (Reserve)
Artists & Draftsmen's Materials (Kemp)
Bakers & Confectioners' Supplies (Kemp)
Beauty Parlor & Barber Shop (Kemp)
Bed Springs & Mattresses (Allen)
Bottlers' Supplies (Kemp)
Brooms, Brushes & Mops (except Rubber) (Allen)
Janitor Supplies, General (Kemp)
Butchers' Supplies, General (Kemp)
Buttons (Howard & Rogers)
Celluloid Goods (Williams)
Chemical Laboratory Supplies (Paddock)
Cigars, Cigarettes & Tobacco (Reserve)
Contractor, General (Muir)
Mechanical Dental Goods (Paddock)
Dock & Pier Construction (Muir)
Display Fixtures, Mannikins & Forms (Allen)
Etching (Whiteside)
Five Cents to $1.00 Stores (Whiteside)
Florists (Whiteside)
Florists' Supplies (Whiteside)
Furriers' Supplies (Kemp)
General Merchandise (Whiteside)
Gift Shop (Whiteside)
Hair Works & Goods (Reserve)
Hospital Supplies & Equipment (Paddock)
House Furnishings (not otherwise classified) (Allen)
Insulation Materials (Muir)
Jewelry & Instrument Cases & Supplies (Paddock)
Junk (Reserve)
Lapidary Work (Whiteside)
Laundry Supplies (Kemp)
Linoleum & Oilcloth (Allen)
Manicure & Toilet Sets (coordinate with Williams on Bakelite & Celluloid) (Reserve)
Miscellaneous Supplies (Kemp)
Models & Patterns, not including Paper & Leather Shoe Patterns (Kemp)
Motion Picture Supplies, not including Projection in Theaters (coordinate with Whiteside in charge of Motion Pictures) (Kemp)
Musical Instruments & Phonographs (Reserve)
Pianos (Allen)

NRA Directory

Complete list of assignments shows which deputy will answer the questions and hold the hearings for your industry.

ARRANGED according to the U. S. Census classification, here is a list of 525 industries and occupations, and after each, in parenthesis, the name of the deputy administrator of NRA to whom each has been assigned. Assignment of a few industries is yet in "reserve."

Questions relating to specific industries may be addressed to the proper deputies; questions of general nature should be addressed to Gen. Hugh S. Johnson, Administrator. The address is, National Recovery Administration, Department of Commerce Building, Washington, D. C.

The deputies are as follows:

W. L. Allen; Dudley Cates (assistant administrator); Dr. Earl D. Howard; Philip C. Kemp; Harry O. King; Robert W. Lea; Malcolm Muir; Edward F. McGrady (assistant administrator); Major R. B. Paddock; W. W. Pickard; Dr. Lindsay Rogers; Sol Rosenblatt; K. M. Simpson; Nelson Slater; A. D. Whiteside; General C. C. Williams.

The assignments are as follows, by industries:

Food and Kindred Products

Canned Goods (Wholesale) (Whiteside)
Chewing Gum (Whiteside)
Confectionery (Whiteside)
Delicatessen (Whiteside)
Grocers (only) (Whiteside)
Groceries & Meats (Whiteside)
Grocers' Sundries (Whiteside)
Ice (Whiteside)
Restaurants (Whiteside)
Food Products (not otherwise classified) (Whiteside)

Textiles and Their Products

Aprons (Howard & Rogers)
Awnings, Tents, Sails and Canvas Covers (Whiteside)
Bags & Bagging, except Paper & Leather (Whiteside)
Bathrobes (Howard & Rogers)
Belting (except Leather) (Howard & Rogers)
Belts (fabric) (Howard & Rogers)
Bindings & Tapes (Howard & Rogers)
Blankets, Cotton (Whiteside)
Blankets, Woolen (Whiteside)
Blouses & Waists (Howard & Rogers)
Braids, Dress Trimmings & Narrow Fabrics (Howard & Rogers)
Burlap (Whiteside)
Caps, Men's and Boys' (Howard & Rogers)
Carpets & Rugs (Whiteside)
Cloaks & Suits, Women's & Children's (Howard & Rogers)
Clothing, Men's & Boys' (Howard & Rogers)
Collars, Men's & Boys' (Howard & Rogers)
Cordage & Twine (Whiteside)
Corsets, Girdles & Brassieres (Howard & Rogers)
Cotton Goods (Whiteside)
Cotton Knit Fabrics (Whiteside)
Cotton Piece-Goods (Whiteside)
Cotton Yarns (Whiteside)
Curtains, Draperies, Bedspreads (Whiteside)
Department Stores (Whiteside)
Dresses & Waists, Silk (Howard & Rogers)
Dry Goods (Whiteside)
Dyeing & Finishing Textiles & Cloth Sponging (Coordinate with Slater) (Whiteside)
Rayon Piece Goods (Whiteside)
Rayon Yarn (Whiteside)
Shirts, Cotton (Howard & Rogers)
Shoe Fabrics (Howard & Rogers)
Converters—Silk, Rayon, Cotton (Whiteside)
Silk Knit Fabrics—(coordinate with Howard & Rogers in charge of Silk Knit Fabrics Products—Outerwear) (Whiteside)
Silk Knit Products—Outerwear (coordinate —Whiteside in charge of Silk Knit Fabrics, and of Knit Underwear) (Howard & Rogers)
Raw Silk (Whiteside)
Silk, Ribbon & Piece Goods (Paddock)
Silk Yarns (Whiteside)
Slippers, except Leather (Howard & Rogers)
Straw Goods (Paddock)
Straw Hats, Men's (Paddock)
Suspenders & Garters (Howard & Rogers)
Tailor (Whiteside)
Thread, Cotton (Paddock)
Thread, Silk (Paddock)
Underwear—Knit (coordinate—Howard & Rogers, Knit Outerwear) (Whiteside)
Underwear, Men's Cotton (Howard & Rogers)
Underwear (Silk & Rayon—cut and sewn—coordinate with Whiteside, Knit Underwear) (Howard & Rogers)
Uniforms (Howard & Rogers)
Upholsterer (Whiteside)
Upholstery Materials & Backing Cloth (Whiteside)
Velvets, Plush, Corduroy (Whiteside)
Wool, Raw (Whiteside)
Wool, or Cotton Waste (Whiteside)
Woolen & Worsted Knitted Fabrics (Whiteside)
Woolen & Worsted Knitted Fabric Products (Whiteside)
Woolen Piece Goods (Whiteside)
Woolen & Worsted Yarns (Whiteside)
Worsted Piece Goods (Whiteside)
Textiles (not otherwise classified) (Paddock)

Forest Products

Baskets, Rattan & Willowware (Paddock)
Barrels & Cooperage Stock (Paddock)
Boxes & Crates, Wood (Paddock)
Building Materials (not otherwise classified) (Muir)
Cabinet Makers & Woodwork (coordinate—Muir, Construction Materials) (Cates)
Carpenter & Builder (Muir)
Coffins (Paddock)
Cork & Cork Products (Paddock)
Doors & Sashes (Muir)
Excelsior (Paddock)
Fibre Products (Paddock)
Furniture (Allen)
Lumber (Cates)
Matches (Reserve)
Moulding & Picture Frames (Paddock)
Office, Store & School Fixtures (wood) (Allen)
Panels & Plywood (coordinate—Muir, Construction Materials) (Cates)
Picture Frames (Paddock)
Planing & Saw Mills (coordinate—Muir, Construction Materials) (Cates)
Poles, Ties, Posts (Paddock)
Shingles, Wood (coordinate—Muir, Construction Materials) (Cates)
Shoe Forms, Wooden (Paddock)
Tanks, Wood (Paddock)
Veneer (coordinate—Muir, Construction Materials) (Cates)
Wood Heels (Paddock)
Wood Preserving (coordinate—Muir, Construction) (Williams)
Wood Pulp and Cellulose (Pickard)
Wooden Handles (Paddock)
Wooden Novelties (Paddock)
Woodenware (Paddock)
Refrigerators (Kemp)
Turpentine & Rosin (Williams)

Paper and Allied Products

Bags, Paper (Pickard)
Cellophane & Cellophane Products (Pickard)
Envelopes (Pickard)
Labels, Gummed Paper, Tags, & Tickets (Pickard)
Paper (Pickard)
Paper Boxes & Containers & Paper Box Board (Pickard)
Paper Goods, Novelties & Ornaments (Pickard)
Paper Patterns & Transfers (Pickard)
Stationery & Supplies (Pickard)
Wallpaper (Paddock)
Waxed Paper & Products (Pickard)
Wood Pulp (Pickard)

Printing, Publishing, and Allied Industries

Books (Kemp)
Bookbinders (Kemp)
Electrotypes, Mats & Stereotypes (Cates)
Engraving (Cates)
Greeting Cards, Art Pictures & Playing Cards (Cates)
Lithographers (Cates)
Magazines & Newspapers (coordinate—Whiteside in charge of Advertising (Kemp)
Mimeographing & Multigraphing (Whiteside)
Musical Publishers (Rosenblatt)
Map & Chart Publishers (Cates)

Chemicals and Allied Products

Adhesives, Cement, Pastes & Glues (Williams)
Alcohol & Commercial Solvents (Williams)
Cleaning Compounds (Williams)
Cosmetics, Perfumes & Toilet Preparations (Whiteside)
Creosoting (Williams)
Drug Sundries (Whiteside)
Dry Colors & Dye Stuffs (Williams)
Enameling & Japanning (Williams)
Essential Oils (Williams)
Fertilizers (Williams)
Fireworks & Explosives (Williams)
Fish Oils (Williams)
Gums & Gutta Percha (Williams)
Ink (Printing, etc.) (Williams)
Ink (Writing) (Williams)
Insecticides & Disinfectants (Whiteside)
Medicinal Oils (Whiteside)
Naval Stores (Williams)
Painter & Decorator (Williams)
Paints & Varnishes (Williams)
Patent or Proprietary Medicines (Whiteside)
Polishes & Blacking (Williams)
Rosin & Turpentine (Williams)
Soap (Williams)
Starches & Dextrines (Williams)
Waxes (Williams)
Tanning Materials (coordinate Williams, Chemicals) (Kemp)
Drugs (Whiteside)
Chemicals (Williams)
Drugs, Wholesale (Whiteside)
Drugs, Retail (Whiteside)

Products of Petroleum and Coal

Anthracite Coal (Simpson)
Bituminous Coal (Simpson)
Coal By-Products (Simpson)
Coal Retailing (Kemp)
Coke (Simpson)
Fuel Oil (Simpson)
Natural Gas—Illuminating & Heating (Cates)
Gasoline (Coordinate with Whiteside in charge of Filling Stations) (Simpson)
Kerosene (Simpson)
Natural Gas (Simpson)
Oils & Greases (Simpson)
Petroleum Refining (Simpson)
Tallow and Candles (Simpson)

Rubber Products

Boots & Shoes (Rubber) (Reserve)
Crude Rubber (Reserve)
Rubber Heels & Soles (Reserve)
Rubber Novelties (Reserve)
Rubber Hose & Tubing (Reserve)
Rubberized Textiles — Products (Reserve)
Tires & Tubes, Automobile (Lea)
Vulcanizing (coordinate with Whiteside in charge of Tire Shops) (Reserve)
Elastic Webbing (Howard & Rogers)
Rubber Goods (Reserve)
Belting (coordinate with Williams—Leather Belting) (Reserve)

Leather and Its Manufactures

Artificial Leather & Products (Williams)
Belts (Leather) (Howard & Rogers)
Boot & Shoe Counters (Williams)

to justify those conclusions; instead, evidence begins to appear that those price-fixing enthusiasts may find themselves permanently stalemated. Both NRA and AAA have shown little inclination to rule on the price-fixing question. Mr. Peek's headquarters considers the price-boosting processing tax an obstacle. General Johnson's has, so far, dodged the demands of certain groups of the oil industry for price-control provisions, has given some indication of eventually "passing the buck," letting the President decide whether or not price-fixing in any form on any product is to be an integral part of the "New Deal" program.

"Loss Leaders"

Similarly, no ruling has been obtainable on the subject of overhead as an element of cost and that has stymied some of the code-builders who are anxious to stop loss-leader selling by department and chain stores by means of code clauses prohibiting all selling at less than cost.

First move toward better coordination among the food groups was the drafting of a "Master Code of Fair Competition" by a committee composed of representatives of the 7 most important organizations in the industry—The Associated Grocery Manufacturers of America, the American-National Wholesale Grocers Association, the National Food Brokers Association, the National Retail Grocers Association, the Retailer-Owned Wholesale Grocers Association, the National Chain Store Association, the Voluntary Group Institute.

The document produced by that committee might be classified as a code of ethics for business in the ideal state because observance of all its provisions would result in a food industry Utopia. It condemns as unfair competition all the evil practices, free deals, secret rebates, fake invoices, split commissions, advertising allowances, free goods, combinations, prizes, premiums, bribery, and consignment selling plans that have ever ridden the industry. It demands that wholesalers shall not sell goods at less than delivered cost plus 3½%, and requires retailers to take a mark-up of at least 8½%, while manufacturers are not to sell products at less than production cost plus a reasonable distribution charge. The question of a uniform cash discount and standard policies of its application was left open, the code merely providing that no one is to take a cash discount unless it is earned within the limits of the terms.

Steering Committee Named

With the view of obtaining the widest possible acceptance of the basic principles expounded in the master code, the industry has set up The Food Industries Advisory Board, a committee of 29 men prominent in all the important subdivisions of its producing and distributing branches. Paul S. Willis, vice-president of the Comet Rice Co. and for the last 2 years honorary president of the Associated Grocery Manufacturers of America, has been drafted for a period of 2 years to devote all his time to a concentrated drive for the establishment of better trade practices throughout the industry.

Meanwhile, some of the large groups did not wait for the publication of the master code, to produce codes of their own. The wholesalers, retailers, brokers, the coffee industry, several groups of canners have submitted codes, while approximately 300 other groups of manufacturers, processors, canners, regional associations of retailers and wholesalers are working on fair practice codes.

Chains Fool the Prophets

Publication of the code adopted by the food chains has stirred general interest almost as much as any single thing that has happened since the industry took cover under AAA. Those who predicted that the chains would not commit themselves to any code are left practically without an alibi, since the chain code is a full-grown specimen and covers not only the mandatory provisions, labor wages and hours, but includes a definite commitment on the industry's most perplexing problem—below-cost or loss-leader selling. The chains declare unequivocally as unfair trade practice "the offering for sale of any merchandise at prices less than the prevailing market, f.o.b. point distribution, plus 10%." They leave no loophole for misinterpretations, but specify that "market" price shall be that prevailing 7 days prior to day of sale. While that clause leaves little to be desired by those who have constantly cited loss-leader selling as the worst of the chain-store practices, and most detrimental to independent competition, others who believe that the menace of the chains in the future will come less from their selling, more from their buying practices, have been scanning some of the manufacturers' codes for signs of favoritism of big buyers, and claim to have found it.

They point out, for instance, that in the peach canners' code price schedules are so arranged that only the largest buyers—which means chains or voluntary groups—will be able to get the lowest prices, leaving the large independent grocer and ordinary wholesalers at a distinct disadvantage. They propose that carload purchases should bring the best obtainable wholesale price.

A. & P. Under Blanket

Pending hearings and final action on the chain code the Great Atlantic & Pacific Tea Co., largest food chain in the world (15,700 stores), has subscribed to the President's blanket code, will observe its provisions throughout its organization, expects that this will mean eventually an increase of 50% over its present force of 90,000 workers.

Keystone

JOHNSON JOKE—Whatever the General said at the press conference, Mr. Wallace Thompson, whose face shows darkly on the extreme right, doesn't think it so funny. He is *Business Week's* special representative at NRA headquarters.

of the speeding-up of work, the so-called "stretch-out" system, provides for a National Industrial Relations Board and for state industrial boards, each of 3 members, to police and adjust labor disputes.

In the coat and suit industry labor leaders are celebrating. They feel that in the revised code (effective August 7) which came out of the Administration's shuffling of the separate codes submitted by employers and labor and an endless succession of conferences (*BW—Jul 29'33*) they won most of the points—limitation of contractors and responsibility of jobbers for wages and hours maintained by sub-contractors among them. Through their representatives on the newly created Coat and Suit Code Authority they will be in a position to see that code provisions are actually fulfilled.

Boot and Shoe War

The boot and shoe industry is staging a miniature civil war. The big Eastern manufacturers are lined up behind the code submitted by the National Boot and Shoe Manufacturers' Association. Smaller ones with concerns in the Middle West and the South have rallied around the banner of the recently organized American Shoe Manufacturers' Association.

However, NRA's Deputy Administrator C. C. Williams has squelched the ambitions of each group for a separate code and efforts are being made to settle controversial points, mostly on the question of wages and hours, with prospects of the industry taking temporary refuge under the President's blanket agreement until all factions can be brought into a single code.

Steel manufacturers are counting the scars received at the recent hearings of the code submitted for the industry by the American Iron and Steel Institute. They estimate that if their code is approved as submitted upward of 100,000 men will find employment. United States Steel Corp., with 139,000 workers in 1929, approximately 115,000 on the rolls, figures that it will have to employ 50,000 additional men to meet present production schedules under the changed conditions. On the same basis Bethlehem Steel would take 24,000 more men, Republic Steel would add 28,000 to its forces.

Individual Plants Sign Up

Many large manufacturers in various lines of industry are giving further momentum to the recovery program by joining up under the President's blanket code while their respective groups are formulating their own codes. Among the big signers are Socony Vacuum Oil Co., General Foods Corp., Stewart-Warner Corp., Container Corp., Texas Company, Metropolitan Life Insurance Co., Ruberoid Co., Western-Union Telegraph Co., Loose-Wiles Biscuit Co.

Retailers are fast getting under their own blanket code. They are keenly interested in the fate of the codes recently presented by the National Association of Tobacco Distributors and the Retail Tobacco Dealers of America, both containing very specific and far-reaching provisions on price-fixing and minimum profits. If these provisions survive the forthcoming public hearings and the scrutiny of the Administration, it is expected that other groups of wholesalers and retailers will try to establish themselves on a firm profit basis through similar provisions for fixed margins on specific lines.

International News

NEW DEPUTY—Robert W. Lea, of Chicago, who has been assigned to handle codes for automobile and allied industries. He is an old business associate of General Johnson's.

Food Code Jungle

There are so many trees in the food industry that it's hard to see the woods, but leaders say they are at last making headway on a unified code.

LEADERS of the food industry are at last beginning to get their widely diversified groups together on the long-awaited code of fair practice for the whole industry. The news will be warmly welcomed by Washington, which has been anxiously watching developments in what has turned out to be one of the most difficult efforts at coordination called for under the recovery program. Complex problems of precedent, policy, and tradition have combined to retard progress. Every important trade group has been on the defensive against encroachments on its mythical rights of eminent domain, so that agreements on controversial points have been held up by extended and often heated argument. Only one question, arising early in the NIRA era, found the entire industry, from biggest manufacturer to smallest retailer, in complete agreement; they all wanted the food industry placed under the jurisdiction of the Agricultural Adjustment Act. Through the united efforts of the leaders of every important branch of the industry, that coup was successfully executed except that determination and administration of provisions relating to hours of labor, rates of pay, and other conditions of employment were left under NRA control (*BW—Jul8'33*). After that, each group evidently went into separate session for the purpose of building a code-fence around its privileges, some of them however, leaving loopholes here and there for occasional raiding expeditions into neighboring territory.

The underlying objective of the industry's quest for AAA control, has since then stood out as the issue of widest controversy. Price-fixing long has been considered indispensable to the achievement of prosperity in the food industry. Many manufacturers, most of the wholesalers, all the independent retailers have felt that if price-fixing were permitted under the law they all could make money and incidentally pull the claws of the chain stores. The food industry has been one of the staunchest supporters of the various Capper-Kelly price-fixing bills.

When the recovery and the farm relief acts were put on the statute books, proponents of price-fixing saw an opportunity to clinch their case by forcing the industry under the wing of the AAA. They argued that the basic ingredients of most food products come from the farm, that "the farmers always get what they go after," that the industry would only have to show that price-fixing would benefit the farmer and governmental approval would be sure to follow. So far, nothing has happened

Coal's 27 Codes

In contrast to earlier hearings, the soft coal operators and miners give no evidence of genuine cooperation or good-will. A long battle is forecast.

PUBLIC hearings on the 27 varieties of bituminous coal codes started this week. They have lacked the sparkle and signs of good-fellowship that were evident in hearings on some of the other codes. Although coal is closely akin to steel, there was no Robert P. Lamont to speak for all the coal operators and provide dramatic climax in spectacular withdrawal of annoying clauses on open shop and company unions. Instead, labor unions and coal operators were facing each other across a no-man's land of historic or traditional or imagined rights, well dug in and entrenched for an extended and perhaps somewhat bitter campaign. Both sides appeared to be thoroughly conscious of the fact that this was the first time in the entire history of the industry when they, with the government officials, NRA representatives, and the public looking on, could present their case.

Labor Issues Foremost

The first code to come under fire was the so-called "Eastern" code, presented by operators in certain Northern and Southern fields which supplied 70% of the country's total bituminous production in 1932. Its qualifying clauses, appended to the mandatory labor clauses, both endorsing the "open shop" principle and favoring "company" unions, drew the attack. When attorney for the NRA, remembering the tactics that worked with the steel operators, proposed that those clauses, distinctly objectionable to the labor unions, be withdrawn, the suggestion met stern refusal from the operators.

Suggestions for downward revision of maximum hours and upward boost of minimum pay found the operators similarly set, chiefly on the ground that present volume of business and competitive conditions made further concessions impossible.

Westerners Stand Pat

Presentation of the Rocky Mountain Pacific code by Utah, Colorado, New Mexico, Montana, Wyoming, and Washington operators brought only a welcome shift in scenery but no change in the stand-pat attitude of either side. Those who had expected some fireworks in connection with the price-fixing provisions of this code were keenly disappointed, because not even a pop-gun went off after they were read. The fact that the Utah operators wanted to guarantee themselves a minimum of $2.70 per ton in exchange for granting labor the 8-hour day, 48-hour week and a varying but increased scale of pay, was duly noted, but raised no protest.

Three other codes from smaller fields, also presented during the first day's hearings, aroused no greater fighting spirit on either side but instead evoked more or less identical procedures. That is, the objections were stated by the one side and resistance registered by the other. When adjournment came, it had become pretty well established that leaders on both sides had considered the day's proceedings much in the way of a curtain-raiser to the big push that was to come with presentation of the union operators' code.

Administration officials, operators, and labor representatives alike showed little enthusiasm over the proposal of a Maryland operator that a temporary fuel administrator be appointed with powers to prohibit increased use of productive equipment, restrict production, and put each field on a quota basis. Operators again registered their demand that any code adopted be administered by "representatives of our own choosing," with whom they could deal on equal footing.

Unions Count on Dissension

Observers pointed out that labor leaders had made frequent reference to "our" code, indicating that a strong movement was under way to have workers in all the different fields reject the provisions of their respective regional codes and insist on substitution of the "union" code. They also suggested that labor leaders may have developed a coordinated campaign in which their own various units would each play their particular parts at a pre-determined time, so as to gain them the greatest possible advantage from the fact that the operators are divided into 26 different groups, and are not likely to stick together during the long battle.

Much interest was manifested in the newly-proposed method of electing check-weighers which provides that notices of elections are to be posted 2 days in advance; that elections are to be held at the entrance to the mine, at the end of the day; that any person contributing to their maintenance can vote; that secret ballots are to be used; that voting is to continue until some candidate gets a majority of the votes.

Presentation of the "union" code was considered as the signal for both sides to bring into play all the heavy ammunition that they could muster. Those familiar with its provisions agree with operators that maintenance of the 32-hour week and a minimum wage of $4 a day for "outside" workers, $4.75 and $5.00 for "inside" workers, would spell complete ruin for the entire industry in that it would widen the gap between the cost of coal and competitive fuels to a point where coal would rapidly lose out in many of its important markets. They cited the facts that already coal has lost the bulk of the bunker coal business because ships use oil for greater economy and increased steaming radius, that for home heating oil is making rapid strides in replacing coal.

While there are many who expected that the coal hearings would see some emphatic condemnations of the government's action in connection with recent strikes in Pennsylvania, it appeared that union leaders did not propose to prejudice their case by raising that issue. With only a few of the 27 codes presented, hearings are expected to extend well into the next week, and before they are finished, they are expected to sustain General Johnson in his recently expressed opinion that they would turn out to be "the pineapple of them all."

Codes, Blankets

NIRA piles up recruits. Industry watches code developments.

WITH new codes flowing into NRA headquarters in ever-increasing volume the machinery for pushing them through the works is being speeded up, refined, simplified, while conference-born revisions or alterations of codes already on file, and changes or amendments of others after public hearings, are being eagerly studied by industries now engaged in code-building.

Filing of a code for the electrical utilities drafted by a committee of the Edison Electric Institute has raised the spectre of states rights. Consolidated Gas, Electric Light & Power Co. of Baltimore, Hartford Electric Light Co., Connecticut Power Co., and Stamford Gas & Electric Co. promptly resigned from the Institute on the plea that, being subject to state regulation, they could not join other classes of industry in signing federal codes. Newspapers quoted the chairman of the State Public Utilities Commission of Connecticut on the theoretical possibility of conflict between NRA and state authorities. But the electrical industry suspects that the dissenting companies were less swayed by prospective differences with their state authorities than by actual differences with the Edison Institute.

Those who hailed the Cotton Textile code (No. 1 of those approved) as a model of simplicity have changed their opinion as amendments have been added. The latest is aimed at control

or what? A comprehensive analysis of industrial structure that will officially answer inquiries like these is needed.

Also unsettled, the large question of plant modernization. In the cotton-textile hearing General Johnson was understood to say that modernization must be held off while people were being put back to work, but he has switched from that line of thought since then. The value of modernization, the sweep of obsolescence, and the fact that this is primarily a capital goods depression have been borne in on NRA, but no ruling has been made. And, meanwhile, one company has actually written in to ask whether it must abandon completion of its new power plant to "help end the depression."

How Much Self-Rule?

Another statement of policy that would be of immense value to industry would define the bounds of this industrial self-government which NIRA offers. There is talk of "constitutions for industry" and when some of the constitutions come in—but often not until then—industries find that their pet clauses are not acceptable for fairly clear reasons. Industry thinks these reasons could be formulated, codified, announced.

Furthermore, industry has, in many cases, missed the point that, in addition to raising wages, cutting hours, and taking a few pleasant steps away from the anti-trust law in the direction of fair practice agreements, it is to begin cleaning out its Augean stables. Many of those who do understand this seem to think that the NRA is the Hercules for the job. Deputy-Administrator Malcolm Muir told the New York Advertising Club that industries are coming in to Washington with codes that turn over every vestige of control to the government, and other deputies have a similar impression. It is becoming clearer now that the new "Code Authorities" are to get the job of "industrial self-government," but the phrase needs clarification.

Watch "Code Authority"

The "Code Authority," incidentally, is a cog in the NIRA machine whose importance is just beginning to be realized. First of such units was the "Planning and Supervisory Committee" set up in the cotton-textile code, the newer name being that applied by Deputy Earl D. Howard to his committee of 3 in the coat and suit industry. They are to be standardized. Every code, past and future, will set up such organizations, including representatives of the industry, labor, and NRA, to have control of policies, practices, and intra-industrial relations under the final authority of NRA, which must approve all rulings. One important job will be the handling of code violations. Only if the Code Authority fails to settle them will such violations go to Washington. In that case, offenders will be heard by the Code Authority and the Deputy Administrator at the Capital. If conciliation fails there, charges will be turned over to the Federal Trade Commission which will prepare the case—again with the help of the Code Authority—and place it in the hands of the Department of Justice. Thence it will go to the District Attorney of the district where the offense occurred. Policy has become definite on this point.

General Johnson held at the birth of NIRA that policies would develop out of hearings. Much has developed but it has been laid down that decisions on one code are not to be taken as precedents for the guidance of all code-makers. The fact that industry has taken such decisions as precedents has added to the confusion. Washington thinks that this confusion will not last much longer, points out that the big questions are now clearly defined, confidently expects early answers.

Uncle Sam's Move

Firms with government contracts get promise of adjustment.

WORRIED manufacturers of everything from building stone to pencils who have contracts with the United States government for future supplies learned this week that President Roosevelt would do everything in his power to get the federal authorities to lead the procession in adjusting these contracts to the new costs which will follow the NRA and AAA drives on the depression. Since the President's reemployment agreement requires signers to make such adjustments with their own suppliers, critics have been looking pointedly at Washington.

General Johnson stated last week that governmental adjustments would have to await Congressional action to amend the law and provide the money. This week Mr. Roosevelt stepped into the argument with a promise of "whatever adjustments can be made under present law" and whatever recompense he can persuade Congress to provide next January for suppliers who have cooperated wholeheartedly with NIRA and have been caught with increased costs in the legal jam on government contracts. He will definitely recommend such recompense to be made at executive discretion. Those who bid for government contracts noted the condition and began looking for Blue Eagles.

In the same statement, the President urged the governors of the various states and the executives of county and municipal units to take similar action. His suggestion brought a dour handout from the Conference of Mayors and the American Municipal Association to the effect that the cities would advance prices on contracts if Uncle Sam would furnish the cash.

Keystone

BURNING QUESTIONS—John L. Lewis, president of United Mine Workers, Leo Wolman, chairman of the NRA Labor Advisory Board, and Governor Pinchot of Pennsylvania (left to right) talk over coal wages and strikes.

NRA MEMBER U.S. WE DO OUR PART

BUSINESS WEEK

AUGUST 12, 1933

Policy, Please

With smaller questions being cleaned up, NRA faces major problems of policy—on price-fixing, industrial grouping, modernization, self-government—and moves toward decisions vitally important to business.

WASHINGTON—While General Johnson and his overworked NRA staff struggle in a welter of detail deepened by the piling of a blanket agreement on industry codes and of "sub-blanket" agreements on top of that, certain major questions of policy are beginning to rise to the top of the Washington debate. NIRA has gone into the ninth week of its official existence with matters of procedure settled beyond what seemed possible a few weeks ago but with important fundamentals still up in the air or only partially agreed on.

Unprecedently rapid decision on the thousands of inquiries arising out of the PRA (which is Washington-Russian for the President's Reemployment Agreement) has focussed attention on these larger questions. It has also speeded up NRA realization of the importance of clear definitions of policy, if there is to be swift cooperation from industry.

That realization was deepened this week by the public response to the President's decision on the major question of how differences between labor and industry are to be handled to prevent their upsetting the whole recovery program—as they threatened to do a week ago. The country drew an audible sigh of relief when it read his announcement of the appointment of a national board of mediation, headed by Senator Robert F. Wagner and including industrial and labor leaders, to adjudicate labor disputes.

This policy decision, modifying the government's hands-off attitude in the labor arguments growing out of NIRA, has awakened hopes of early action on others that must be made for the relief of the worried business men who lean wearily against the walls of the long hall at General Johnson's headquarters in the Commerce Building.

Among the large questions affecting all codes is that relating to price-fixing and allotment of production. Every code skirts around these matters or comes out definitely in favor of them. The oil industry has been deadlocked by General Johnson's refusal to approve price-fixing on the terms proposed and the industry's insistence on those terms. The tendency of NRA (as the General has several times stated) is to urge the formation of open-price associations in which publicity of all contracts and quotations will serve as a balance wheel. In some codes, the "Code Authorities" now being set up on the precedent of the cotton-textile agreement (*BW—Jul15'33*), are authorized to arrange for price-fixing and cost accounting—which is the vital matter. However, there has not yet been a clear statement on how far they may go.

Another question important to all industries: Are they to organize and write codes on a horizontal basis or on a vertical basis going down through the distribution chain? The tendency is to favor the horizontal code—for instance, truck delivery systems are being taken up, not as part of manufacturing industry, but as part of the trucking industry. But hundreds of codes that take time to readjust are coming in with vertical arrangements and a clear decision is needed.

Groupings a Problem

Again, many industries are uncertain as to where they belong and how many of them are to be thrown together in code-making. Do the bolt and nut people belong with hardware or machinery, and how many kinds of machinery of diversified classes and uses are to be thrown together? At the start, there was much talk of the desirability of "a few great broad codes," but divisions of divisions of industries are now up for hearings; fishing tackle, for example. Business feels that it has a right to know also whether it has to join 5 associations if it makes 5 different things—

Keystone

NRA & CO.—Administrator Johnson and some of his staff line up for their first group picture. Front row (left to right) Dr. William W. Cumberland, W. W. Pickard, Sol A. Rosenblatt, General Johnson, his secretary, Miss Robinson, Edward F. McGrady, Malcolm Muir. Second row: General C. C. Williams, John W. Power, Robert Straus, Edgar B. Kapp, John Hancock. Back row: E. D. Howard, H. N. Slater, Robert Stevens, Capt. C. E. Parsons, Dudley Cates, Robert Lea. Busy as they are, it is almost impossible to get all the deputies together; in fact, seven are missing in this lineup.